

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Amendment No. 3 to
Form S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Booz Allen Hamilton Holding Corporation

(Exact name of registrant as specified in its charter)

Delaware
*(State or other jurisdiction of
incorporation or organization)*

7373
*(Primary Standard Industrial
Classification Code Number)*

26-2634160
*(I.R.S. Employer
Identification Number)*

8283 Greensboro Drive
McLean, Virginia 22102
(703) 902-5000

(Address, including Zip Code, and Telephone Number, including Area Code, of Registrant's Principal Executive Offices)

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Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date hereof.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state or jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED SEPTEMBER 30, 2010

Shares

Booz | Allen | Hamilton

Class A Common Stock

This is an initial public offering of Class A common stock of Booz Allen Hamilton Holding Corporation. We are offering _____ shares of Class A common stock to be sold in this offering. No public market currently exists for our Class A common stock. The initial public offering price of our Class A common stock is expected to be between \$ _____ and \$ _____ per share.

We will apply to list our Class A common stock on the New York Stock Exchange under the symbol "BAH."

Investing in our Class A common stock involves risks. See "Risk Factors" beginning on page 16 of this prospectus.

	<u>Per Share</u>	<u>Total</u>
Initial public offering price	\$ _____	\$ _____
Underwriting discounts and commissions	\$ _____	\$ _____
Proceeds, before expenses, to us	\$ _____	\$ _____

The underwriters also may purchase up to _____ additional shares from us at the initial offering price less the underwriting discounts and commissions to cover over-allotments, if any.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares to purchasers on or about _____, 2010.

Morgan Stanley

BofA Merrill Lynch

BB&T Capital Markets

Barclays Capital

Credit Suisse

Stifel Nicolaus Weisel

Lazard Capital Markets

Raymond James

, 2010.

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You should rely only on the information contained in this prospectus or any free writing prospectus prepared by or on behalf of us or to which we have referred you. Neither we nor the underwriters have authorized anyone to provide you with additional or different information. Neither this prospectus nor any free writing prospectus is an offer to sell anywhere or to anyone where or to whom we are not permitted to offer or to sell securities under applicable law. The information in this prospectus or any free writing prospectus is accurate only as of the date of this prospectus or such free writing prospectus, as applicable.

MARKET, INDUSTRY AND OTHER DATA

Information in this prospectus about each of the U.S. government defense, intelligence and civil markets, including our general expectations concerning those markets, our position within those markets and the amount of spending by the U.S. government on private contractors in any of those markets, is based on estimates prepared using data from independent industry publications, reports by market research firms, other published independent sources, including the U.S. government, and our good faith estimates and assumptions, which are derived from such data and our knowledge of and experience in these markets. Data provided by Bloomberg Finance L.P. cited in this prospectus is based on data from the Federal Procurement Data System. Although we believe these sources are credible, we have not verified the data or information obtained from these sources. By including such market data and industry information, we do not undertake a duty to provide such data in the future or to update such data if it is updated. Our estimates, in particular as they relate to our general expectations concerning the U.S. government defense, intelligence and civil markets, have not been verified by any independent source and involve risks and uncertainties and are subject to change based on various factors, including those discussed under the caption "Risk Factors."

In several places in this prospectus, we present our compound annual growth rate, or CAGR, for our revenue over the last 15 fiscal years. We calculated our CAGR as our annualized revenue growth over the 15-year period taking into account the effects of annual compounding. We believe that a 15-year CAGR is an appropriate measurement of our growth because it demonstrates the rate at which we have grown our business over a meaningful period of time. The revenue data for the first ten years of the 15-year period was derived directly from our accounting system (JAMIS) because as a privately owned company we were not required to and did not prepare comparable financial statements in accordance with U.S. Generally Accepted Accounting Principles, or GAAP, for those periods. The revenue data for the last five years of the 15-year period was derived directly from our consolidated financial statements, which were prepared in accordance with GAAP.

SUPPLEMENTAL INFORMATION

Unless the context otherwise indicates or requires, as used in this prospectus, references to: (i) "we," "us," "our" or our "company" refer to Booz Allen Hamilton Holding Corporation, its consolidated subsidiaries and predecessors; (ii) "Booz Allen Holding" or "issuer" refers to Booz Allen Hamilton Holding Corporation exclusive of its subsidiaries; (iii) "Booz Allen Investor" refers to Booz Allen Hamilton Investor Corporation, a wholly-owned subsidiary of Booz Allen Holding; (iv) "Booz Allen Hamilton" refers to Booz Allen Hamilton Inc., our primary operating company and a wholly-owned subsidiary of Booz Allen Holding; (v) "fiscal," when used in reference to any twelve-month period ended March 31, refers to our fiscal years ended March 31; and (vi) "pro forma 2009" refers to our unaudited pro forma results for the twelve months ended March 31, 2009, assuming the acquisition had been completed as of April 1, 2008. Unless otherwise indicated, information contained in the prospectus is as of June 30, 2010.

We are organized and operate as a corporation. Our use of the term "partnership" in this prospectus reflects our collaborative culture, and our use of the term "partner" in this prospectus refers to our Chairman and our Executive and Senior Vice Presidents. The use of the terms "partnership" and "partner" is not meant to create any implication that we operate our company as, or have any intention to create a legal entity that is, a partnership.

Booz Allen Hamilton®, Transformation Life Cycle™, the Booz Allen Hamilton logo, and other trademarks or service marks of Booz Allen Hamilton Inc. appearing in this prospectus are property of Booz Allen Hamilton Inc. Trade names, trademarks and service marks of other companies appearing in this prospectus are the property of their respective owners.

We have made rounding adjustments to reach some of the figures included in this prospectus and, unless otherwise indicated, percentages presented in this prospectus are approximate.

PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus. This summary does not contain all of the information that you should consider before investing in our Class A common stock. You should read the entire prospectus carefully, including the "Risk Factors" section and our consolidated financial statements and the notes to those statements, before making an investment decision. Some of the statements in this summary constitute forward-looking statements. See "Special Note Regarding Forward-Looking Statements."

Overview

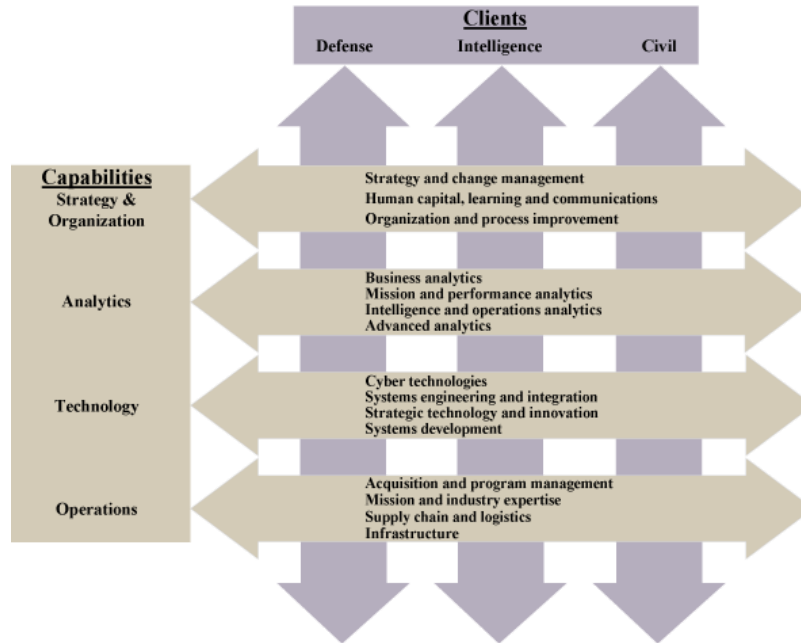
We are a leading provider of management and technology consulting services to the U.S. government in the defense, intelligence and civil markets. Founded in 1914 by Edwin Booz, we have expanded beyond our management consulting foundation to develop deep expertise in technology, engineering and analytics. We began serving the U.S. government in 1940 by advising the Secretary of the Navy in preparation for World War II. Today, our approximately 23,800 people serve substantially all of the cabinet-level departments of the U.S. government and have strong and longstanding relationships with a diverse group of other organizations at all levels of the U.S. government. We support our clients in addressing complex and pressing challenges such as combating global terrorism, improving cyber capabilities, transforming the healthcare system, improving efficiency and managing change within the government and protecting the environment. We have grown our revenue organically, without relying on acquisitions, at an 18% CAGR over the 15-year period ended March 31, 2010, reaching \$5.1 billion in revenue in fiscal 2010.

We derived 98% of our revenue in fiscal 2010 from services provided to over 1,300 clients across the U.S. government under more than 4,900 contracts and task orders. Our U.S. government clients include organizations at all levels of the U.S. government, ranging from executive departments to independent agencies and offices. We have served our top ten clients, or their predecessor organizations, for an average of over 20 years. We derived 87% of our revenue in fiscal 2010 from engagements for which we acted as the prime contractor. Also during fiscal 2010, we achieved an overall win rate of 57% on new contracts and task orders for which we competed and a win rate of more than 92% on re-competed contracts and task orders for existing or related business. As of June 30, 2010, our total backlog, including funded, unfunded, and priced options, was \$9.5 billion, an increase of 26% over June 30, 2009.

We attribute the strength of our client relationships, the commitment of our people, and our resulting growth to our management consulting heritage and culture, which instills our relentless focus on delivering value and enduring results to our clients. We operate our business as a single profit center, which drives our ability to collaborate internally and compete externally. Our operating model is built on (1) our dedication to client service, which focuses on leveraging our experience and knowledge to provide differentiated insights, (2) our partnership-style culture and compensation system, which fosters collaboration and the efficient allocation of our people across markets, clients and opportunities (3) our professional development and 360-degree assessment system, which ensures that our people are aligned with our collaborative culture, core values and ethics and (4) our approach to the market, which leverages our matrix of deep domain expertise in the defense, intelligence and civil markets and our strong capabilities in strategy and organization analytics, technology and operations.

Deployment of Capabilities to Serve Clients

The diagram below illustrates the way we deploy our four capability areas, including specified areas of expertise, to serve our defense, intelligence and civil clients. Our dynamic matrix of functional capabilities and domain expertise plays a critical role in our efforts to deliver proven results to our clients.



Market Opportunity

Large Addressable Markets

We believe that the U.S. government is the world’s largest consumer of management and technology consulting services. In U.S. government fiscal year 2009, we estimate that the Department of Defense and civil agencies within the U.S. government spent \$93 billion on management and technology consulting services procured from private contractors. The agencies of the U.S. Intelligence Community that we serve represent an additional market.

Focus on Efficiency and Transforming Procurement Practices

There is pressure across the U.S. government to control spending while also improving services for citizens and aggressively pursuing numerous important policy initiatives. This has led to an increased focus on improving efficiency, including accomplishing more with fewer resources and reducing fraud, waste and abuse. Economic pressure has also driven an emphasis on greater accountability, transparency and spending effectiveness in U.S. government procurement practices. Recent efforts to reform procurement practices have focused on several areas, such as reducing organizational conflict of interest issues. We believe the

U.S. government will increasingly require objective management and technology consulting services in support of these efforts.

Complex Defense, Intelligence and Civil Agency Requirements

The U.S. government continually reassesses and updates its long-term priorities and develops new strategies to address the rapidly evolving and increasingly complex issues it faces. Current priorities within the U.S. government include enhancing cyber-capabilities and transforming the U.S. healthcare system. In order to deliver effective advice to support these and other priorities, service providers must possess a comprehensive knowledge of, and experience with, the participants, systems and technology employed by the U.S. government, and must also have an ability to facilitate knowledge sharing while managing varying objectives.

Major Changes Create Demand

Major changes in the government, political and overall economic landscape can be recurring in nature, such as the inauguration of a new presidential administration, or more sudden and unexpected, as was the case with the recent financial crisis and economic downturn. We believe that these types of changes will continue to create significant opportunities for us as clients seek out service providers with the flexibility to rapidly deploy intellectual capital, resources and capabilities.

Our Value Proposition to Our Clients

As a leading provider of management and technology consulting services to the U.S. government, we believe that we are well positioned to grow across markets characterized by increasing and rapid change.

Our People

Our success as a management and technology consulting firm is highly dependent upon the quality, integrity and dedication of our people.

- *Superior Talent Base.* We have a highly educated talent base, and a significant percentage of our people hold government security clearances. We are able to renew and grow this talent base because of our commitment to professional development, our position as a leader in our markets, the high quality of our work and the appeal of our culture.
- *Focus on Talent Development.* We continually develop our talent base by providing our people with the opportunity to work on important and complex problems, facilitating broad engagement at all levels of seniority and encouraging the development of substantive skills through continuing education.
- *Assessment System that Promotes Collaboration.* We use our 360-degree assessment process to help promote and enforce the consistency of our collaborative culture, core values and ethics.
- *Core Values.* Our core values, which are a key component of our success, are: client service, diversity, excellence, entrepreneurship, teamwork, professionalism, fairness, integrity, respect and trust.

Our Management Consulting Heritage

- *Our Approach to Client Service.* Over the 70 years that we have been serving the U.S. government, we have cultivated relationships of trust with, and developed a comprehensive understanding of, our clients, which, together with our deep domain knowledge and capabilities, enable us to anticipate, identify and address their specific needs.
- *Partnership-Style Culture and Compensation System.* We have a deeply ingrained culture of teamwork and collaboration, and we manage our company as a single profit center with a partner-style compensation system that focuses on the success of the institution over the success of the individual.

Our Client-Oriented Matrix Approach

We are able to address the complex and evolving needs of our clients and grow our business through the application of our matrix of deep domain knowledge and market-leading capabilities. Through this approach, we deploy our four key capabilities, strategy and organization, analytics, technology, and operations, across our client base. This approach enables us to quickly assemble and deploy client-focused teams comprised of people with the expertise needed to address the challenges facing our clients.

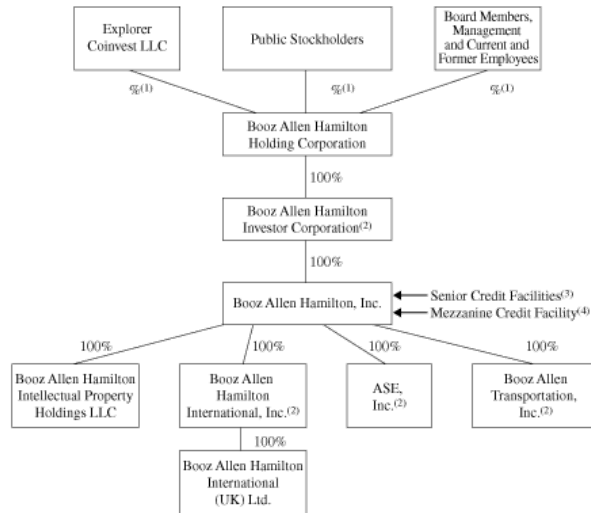
Our Strategy for Continued Growth

To serve our clients and grow our business, we intend to execute the following strategies:

- *Expand Our Business Base.* We intend to deepen our existing client relationships, continue to help our clients rapidly respond to change and broaden our client base by leveraging our collaborative culture, our expertise and our reputation as a trusted partner and an industry leader.
- *Capitalize on Our Strengths in Emerging Areas.* We will continue to leverage our deep domain expertise and broad capabilities to help our clients address emerging issues, including cyber, government efficiency and procurement, transformation of the healthcare system and Systems Engineering & Integration, or SE&I.
- *Continue to Innovate.* We will continue to invest significant resources in our efforts to identify near-term developments and long-term trends that may present significant challenges or opportunities for our clients. We continue to invest in many initiatives at various stages of development, and are currently focused on cloud computing, advanced analytics, and the deployment of specialized services and capabilities in the financial sector, among others.

Our Corporate Structure

The following chart illustrates our corporate structure, including common stock ownership percentages, after giving effect to this offering.



(1) Represents %, % and % of the total voting power in our company, respectively, excluding shares of common stock with respect to which Carlyle has received a voting proxy pursuant to new irrevocable proxy and tag-along agreements. See “Certain Relationships and Related Party Transactions — Related Person Transactions — Irrevocable Proxy and Tag-Along Agreements”.

(2) Guarantor of the senior credit facilities and mezzanine credit facility.

(3) Refers to our senior secured loan facilities providing for a \$125.0 million Tranche A term facility, \$585.0 million Tranche B term facility, \$350.0 million Tranche C term facility and \$245.0 million revolving credit facility. As of June 30, 2010, we had \$1,018.6 million outstanding under our senior credit facilities.

(4) Refers to our \$550.0 million mezzanine term loan facility. As of June 30, 2010, on a pro forma as adjusted basis after giving effect to (i) this offering and the use of the net proceeds therefrom, which is based on the midpoint of the price range set forth on the cover page of this prospectus, and (ii) the repayment of \$85.0 million of indebtedness outstanding under our mezzanine credit facility, we would have had \$ million of debt outstanding under our mezzanine credit facility.

Our Principal Stockholder

Our principal stockholder is Explorer Coinvest LLC, or Coinvest, an entity controlled by The Carlyle Group and certain of its affiliated investment funds. Coinvest became our principal stockholder in our July 2008 merger transaction, which, together with the spin off of our commercial and international business and the related transactions, is referred to in this prospectus as the acquisition. See “The Acquisition and Recapitalization Transaction.”

The Carlyle Group is a global alternative asset manager with \$90.6 billion under management committed to 66 funds as of June 30, 2010. Carlyle invests in buyouts, growth capital, real estate and leveraged finance in North America, Europe, Asia, Australia, the Middle East and North Africa, and Latin America focusing on aerospace and defense, automotive and transportation, consumer and retail, energy and power, financial services, healthcare, industrial, infrastructure, technology and business services and telecommunications and media. Since 1987, the firm has invested \$61.2 billion of equity in 983 transactions for a total purchase price of \$233.4 billion. Carlyle employs 888 people in 27 offices throughout the world.

As of September 23, 2010, Carlyle, through Coinvest, owned 77% of our outstanding common stock, representing 79% of the total voting power in our company. Following the completion of this offering and assuming that the underwriters do not exercise their option to purchase additional shares of Class A common stock, Carlyle will continue to own % of our outstanding common stock, representing % of the total voting power in our company, excluding shares of common stock with respect to which Carlyle has received a voting proxy pursuant to new irrevocable proxy and tag-along agreements. See "Certain Relationships and Related Party Transactions — Related Person Transactions — Irrevocable Proxy and Tag-Along Agreements". Because of certain voting and other provisions of the current stockholders agreement, Carlyle may be deemed to share beneficial ownership over shares of common stock held by other stockholders. Of the seven members currently serving on our board of directors, or the Board, four were designated by Carlyle. Under the terms of an amended and restated stockholders agreement to be entered into among Booz Allen Holding and Coinvest in connection with this offering, Carlyle will continue to have the right to designate a majority of the Board nominees for election, Carlyle will also continue to have the voting power to elect such nominees following the completion of the offering. In addition, the amended and restated stockholders agreement will continue to provide rights and restrictions with respect to certain transactions in our securities entered into by Coinvest or certain other stockholders. See "Certain Relationships and Related Party Transactions — Related Person Transactions — Stockholders Agreement."

Company Information

We are incorporated under the laws of the state of Delaware. Our principal executive office is located at 8283 Greensboro Drive, McLean, Virginia 22102, and our telephone number is (703) 902-5000. Our website is www.boozallen.com and is included in this prospectus as an inactive textual reference only. The information contained on, or that may be accessed through, our website is not part of, and is not incorporated into, this prospectus.

The Offering

Class A common stock offered by us	shares
Class A common stock outstanding after the offering	shares
Option to purchase additional shares of Class A common stock	The underwriters have a 30-day option to purchase an additional shares of Class A common stock from us.
Proposed New York Stock Exchange symbol	"BAH"
Use of proceeds	We estimate that our net proceeds from the offering, after deducting underwriting discounts and commissions and estimated offering expenses payable by us, will be approximately \$ million, based on the midpoint of the price range set forth on the cover page of this prospectus. We intend to use the net proceeds from this offering to repay \$ million of indebtedness outstanding under our mezzanine credit facility and pay a related prepayment penalty of \$ million. See "Use of Proceeds." Certain of the underwriters of this offering or their affiliates are lenders under our senior credit facilities and mezzanine credit facility. Accordingly, certain of the underwriters may receive net proceeds from this offering in connection with the repayment of our mezzanine credit facility. See "Underwriting."
Risk factors	See "Risk Factors" and other information included in this prospectus for a discussion of factors you should carefully consider before deciding whether to invest in shares of our Class A common stock.
Dividend policy	We do not expect to pay dividends on our Class A common stock for the foreseeable future.
Conflicts of interest	We intend to use certain of the net proceeds of this offering to retire a portion of the mezzanine credit facility under which an affiliate of Credit Suisse Securities (USA) LLC is a lender. Since Credit Suisse Securities (USA) LLC's affiliate will receive at least 5% of the net proceeds of this offering in connection with this repayment, Credit Suisse Securities (USA) LLC, a member of the Financial Industry Regulatory Authority, or FINRA, may be deemed to have a "conflict of interest" with us under FINRA's NASD Conduct Rule 2720. Accordingly, this offering will be conducted in compliance with the requirements of such rule. See "Underwriting — Conflicts of Interest."

Following this offering, we will have four classes of authorized common stock: Class A common stock, Class B non-voting common stock, Class C restricted common stock and Class E special voting common stock. As of , 2010, , and shares of our Class B non-voting common stock, Class C restricted common stock and Class E special voting common stock were outstanding. The rights of the holders of Class A common stock, Class C restricted common stock and Class E special voting common stock are identical, except with respect to participation in dividends and other distributions, vesting and conversion. Class A common stock, Class C restricted common stock and Class E special voting common stock are entitled to one vote per share on all matters voted on by our stockholders. The Class B common stock is non-voting common stock. When stock options related to our Class E common stock are exercised, we will

repurchase the underlying share of Class E common stock and issue a share of Class A common stock to the option holder. See "Description of Capital Stock."

The number of shares of our Class A common stock to be outstanding immediately after the offering is based on the number of shares of Class A common stock outstanding as of [redacted], 2010. Such number excludes:

- [redacted] shares of Class A common stock reserved for issuance under our Equity Incentive Plan, including shares issuable upon the exercise of outstanding stock options;
- [redacted] shares of Class A common stock reserved for issuance under our Officers' Rollover Stock Plan upon the exercise of outstanding stock options related to outstanding shares of our Class E special voting common stock and our mandatory repurchase of those shares in connection with such exercise; and
- [redacted] shares of Class A common stock issuable upon transfer of outstanding Class B non-voting common stock and Class C restricted common stock.

Unless we indicate otherwise, the information in this prospectus:

- reflects a [redacted]-for-1 split of our outstanding common stock to be effected prior to the completion of this offering. The stock split will be effected to reduce the per share price of our Class A common stock to a more customary level for an initial public offering and an initial listing on a national securities exchange;
- gives effect to amendments to our certificate of incorporation and bylaws to be adopted prior to the completion of this offering and the related elimination of our Class D merger rolling common stock and Class F non-voting restricted common stock prior to the completion of this offering;
- assumes the issuance of [redacted] shares of Class A common stock in this offering;
- assumes that the initial public offering price of our Class A common stock will be \$ [redacted] per share, which is the midpoint of the price range set forth on the cover page of this prospectus;
- assumes that the underwriters will not exercise their over-allotment option; and
- presents indebtedness outstanding under our senior credit facilities and our mezzanine credit facility as of any particular date net of unamortized discount.

SUMMARY OF HISTORICAL CONSOLIDATED FINANCIAL AND OTHER DATA

The following tables provide a summary of our historical consolidated financial and other data for the periods indicated. The summary consolidated financial data for fiscal 2008 and fiscal 2010 have been derived from our audited consolidated financial statements included elsewhere in this prospectus. The summary consolidated financial data as of June 30, 2010 and for the three months ended June 30, 2009 and 2010 have been derived from our unaudited consolidated financial statements included elsewhere in this prospectus. Our historical results are not necessarily indicative of the results that may be expected for any future period, and the unaudited interim results for the three months ended June 30, 2010 are not necessarily indicative of results that may be expected for fiscal 2011. The information below should be read in conjunction with "Capitalization," "Selected Historical Consolidated Financial and Other Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and the consolidated financial statements and notes thereto included in this prospectus.

As discussed in more detail under "The Acquisition and Recapitalization Transaction," Booz Allen Hamilton was indirectly acquired by Carlyle on July 31, 2008. Immediately prior to the acquisition, Booz Allen Hamilton spun-off its commercial and international business and retained its U.S. government business. The accompanying consolidated financial statements included elsewhere in this prospectus are presented for (1) the "Predecessor," which are the financial statements of Booz Allen Hamilton and its consolidated subsidiaries for the period preceding the acquisition, and (2) the "Company," which are the financial statements of Booz Allen Holding and its consolidated subsidiaries for the period following the acquisition. Prior to the acquisition, Booz Allen Hamilton's U.S. government business is presented as the continuing operations of the Predecessor. The Predecessor's consolidated financial statements have been presented for the twelve months ended March 31, 2008 and the four months ended July 31, 2008. The operating results of the commercial and international business that was spun off by Booz Allen Hamilton effective July 31, 2008 have been presented as discontinued operations in the Predecessor consolidated financial statements and the related notes included in this prospectus. The Company's consolidated financial statements for periods subsequent to the acquisition have been presented from August 1, 2008 through March 31, 2009, for the twelve months ended March 31, 2010 and for the three months ended June 30, 2009 and 2010. The Predecessor's financial statements may not necessarily be indicative of the cost structure or results of operations that would have existed if the U.S. government business operated as a stand-alone, independent business. The acquisition was accounted for as a business combination, which resulted in a new basis of accounting. The Predecessor's and the Company's financial statements are not comparable as a result of applying a new basis of accounting. See Notes 1, 4, and 24 to our consolidated financial statements for additional information regarding the accounting treatment of the acquisition and discontinued operations.

The results of operations for fiscal 2008 and the three months ended June 30, 2009 are presented "as adjusted" to reflect the change in accounting principle related to our revenue recognition policies as described in "Management's Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Estimates and Policies."

Included in the table below are unaudited pro forma results of operations for the twelve months ended March 31, 2009, or "pro forma 2009," assuming the acquisition had been completed as of April 1, 2008. The unaudited pro forma condensed consolidated results of operations for fiscal 2009 are based on our historical audited consolidated financial statements included elsewhere in this prospectus, adjusted to give pro forma effect to the acquisition. The unaudited pro forma condensed consolidated results of operations for fiscal 2009 are presented because management believes it provides a meaningful comparison of operating results enabling twelve months of fiscal 2009, adjusted for the impact of the acquisition, to be compared with fiscal 2010. The unaudited pro forma condensed consolidated financial statements are for informational purposes only and do not purport to represent what our actual results of operations would have been if the acquisition had been completed as of April 1, 2008 or that may be achieved in the future. The unaudited pro forma condensed consolidated financial information and the accompanying notes should be read in conjunction with our historical audited consolidated financial statements and related notes appearing elsewhere in this prospectus and other financial information contained in "Risk Factors," "The Acquisition and Recapitalization Transaction," and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this prospectus. See "Management's Discussion and Analysis of Financial

Condition and Results of Operations — Results of Operations” for a description of the pro forma adjustments attributable to the acquisition.

	Predecessor	The Company			
	Fiscal Year Ended March 31, 2008 (As adjusted)	Pro Forma Fiscal Year Ended March 31, 2009(1)	Fiscal Year Ended March 31, 2010	Three Months Ended June 30, 2009 (Unaudited) (As adjusted)	
				2010	2010
				(Unaudited)	(Unaudited)
				(As adjusted)	(As adjusted)
(In thousands, except share and per share data)					
Consolidated Statement of Operations Data:					
Revenue	\$ 3,625,055	\$ 4,351,218	\$ 5,122,633	\$ 1,229,459	\$ 1,341,929
Operating costs and expenses:					
Cost of revenue	2,028,848	2,296,335	2,654,143	638,690	677,095
Billable expenses	935,459	1,158,320	1,361,229	329,681	356,286
General and administrative expenses	474,188	723,827	811,944	184,734	200,419
Depreciation and amortization	33,079	106,335	95,763	24,003	19,384
Total operating costs and expenses	3,471,574	4,284,817	4,923,079	1,177,108	1,253,184
Operating income	153,481	66,401	199,554	52,351	88,745
Interest income	2,442	5,312	1,466	515	312
Interest expense	(2,319)	(146,803)	(150,734)	(36,371)	(40,353)
Other expense, net	(1,931)	(182)	(1,292)	(523)	(619)
Income (loss) from continuing operations before income taxes	151,673	(75,272)	48,994	15,972	48,085
Income tax (benefit) expense from continuing operations	62,693	(25,831)	23,575	7,547	19,916
Income (loss) from continuing operations	88,980	\$ (49,441)	25,419	8,425	28,169
Loss from discontinued operations	(71,106)		—	—	—
Net income	\$ 17,874		\$ 25,419	\$ 8,425	\$ 28,169
Weighted average common shares outstanding(2)(3):					
Basic					
Diluted					
Earnings per share from continuing operations(2)(3):					
Basic	\$	\$	\$	\$	\$
Diluted					
Pro forma earnings per share from continuing operations (unaudited)(3)(4):					
Basic			\$	\$	\$
Diluted					
Pro forma as adjusted weighted average shares outstanding(unaudited)(3)(5):					
Basic					
Diluted					
Pro forma as adjusted earnings per share from continuing operations(unaudited)(3)(6):					
Basic			\$	\$	\$
Diluted					
Cash dividends per share (unaudited)(3)	\$	\$	\$ (7)	\$	\$

	Predecessor	The Company			
	Fiscal Year Ended March 31, 2008 (As adjusted)	Pro Forma Fiscal Year Ended March 31, 2009(1)	Fiscal Year Ended March 31, 2010	Three Months Ended June 30, 2009 (Unaudited) (As adjusted)	
				2010	2010
				(Unaudited)	(Unaudited)
(In thousands, except share and per share data)					
Consolidated Statement of Cash Flow Data:					
Net cash provided by operating activities of continuing operations			\$ 270,484	\$ (61,711)	\$ 10,011
Net cash used in investing activities of continuing operations			(10,991)	(6,568)	(14,829)
Net cash used in financing activities of continuing operations			(372,560)	(3,025)	(2,406)
Other Financial Data (unaudited):					
Adjusted EBITDA(8)	\$ 226,874	\$ 277,344	\$ 368,323	\$ 100,996	\$ 121,545
Adjusted Net Income(8)			\$ 97,001	\$ 30,014	\$ 41,661
Free Cash Flow(8)			\$ 221,213	\$ (68,279)	\$ (6,202)

	Predecessor	The Company			
	As of March 31, 2008	As of March 31,		As of June 30,	
		2009	2010	2009	2010
Other Data (unaudited):					
Backlog (in thousands)(9)	N/A(10)	\$7,278,782	\$9,012,923	\$7,503,772	\$9,488,823
Employees	18,822	21,614	23,315	22,492	23,848

	The Company		
	As of June 30, 2010		
	Actual	Pro Forma(11) (Unaudited) (In thousands)	Pro Forma as Adjusted(11) (Unaudited)
Consolidated Balance Sheet Data:			
Cash and cash equivalents	\$ 300,611		
Working capital	648,622		
Total assets	3,015,262		
Long-term debt, net of current portion	1,542,063		
Stockholders' equity	552,676		

- (1) See "Selected Historical Consolidated Financial and Other Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operation — Results of Operations" for further information regarding our unaudited pro forma condensed consolidated results of operations.
- (2) Basic earnings per share for the Company has been computed using the weighted average number of shares of Class A common stock, Class B non-voting common stock and Class C restricted common stock outstanding during the period. The Company's diluted earnings per share has been computed using the weighted average number of shares of Class A common stock, Class B non-voting common stock and Class C restricted common stock including the dilutive effect of outstanding common stock options and other stock-based awards. The weighted average number of Class E special voting common stock has not been included in the calculation of either basic earnings per share or diluted earnings per share due to the terms of such common stock.
- Basic earnings per share for the Predecessor has been computed using the weighted average number of shares of Class A common stock outstanding during the period. The Predecessor's diluted earnings per share has been computed using the weighted average number of shares of Class A common stock including the dilutive effect of outstanding stock-based awards.
- (3) Reflects a -for-1 split of our outstanding common stock to be effected prior to the completion of this offering.
- (4) Pro forma earnings per share for fiscal 2010 and the three months ended June 30, 2010 gives effect to the net reduction in interest expense related to the repayment of \$85.0 million of indebtedness under our

mezzanine credit facility on August 2, 2010, as if such repayment had occurred on April 1, 2009 and 2010, respectively.

- (5) Includes _____ shares of Class A common stock offered by us in this offering.
- (6) Pro forma as adjusted earnings per share for fiscal 2010 and the three months ended June 30, 2010 gives effect to the net reduction in interest expense related to (i) the repayment of \$85.0 million of indebtedness under our mezzanine credit facility on August 2, 2010, and (ii) the use of the net proceeds from the sale of _____ shares of Class A common stock in this offering at an assumed offering price of \$ _____, the midpoint of the range set forth on the cover page of this prospectus, to repay borrowings under our mezzanine credit facility, as if each had occurred on April 1, 2009 and 2010, respectively.
- (7) Reflects the payment of special dividends in the aggregate amount of \$114.9 million and \$497.5 million to holders of record of our Class A common stock, Class B non-voting common stock, and Class C restricted common stock as of July 29, 2009 and December 8, 2009, respectively.
- (8) "*Adjusted EBITDA*" represents net income before income taxes, net interest and other expense and depreciation and amortization and before certain other items, including: (i) certain stock option-based and other equity-based compensation expenses, (ii) transaction costs, fees, losses and expenses, (iii) the impact of the application of purchase accounting and (iv) any extraordinary, unusual or non-recurring items. We prepare Adjusted EBITDA to eliminate the impact of items we do not consider indicative of ongoing operating performance due to their inherent unusual, extraordinary or non-recurring nature or because they result from an event of a similar nature.

We utilize and discuss Adjusted EBITDA because our management uses this measure for business planning purposes, including to manage the business against internal projected results of operations and measure the performance of the business generally. We view Adjusted EBITDA as a measure of our core operating business because it excludes the impact of the items described above on our results of operations as these items are generally not operational in nature. Adjusted EBITDA also provides another basis for comparing period to period results by excluding potential differences caused by non-operational and unusual, extraordinary or non-recurring items. We also present Adjusted EBITDA in this prospectus as a supplemental performance measure because we believe that this measure provides investors and securities analysts with important supplemental information with which to evaluate our performance and to enable them to assess our performance on the same basis as management.

Adjusted EBITDA as discussed in this prospectus may vary from and may not be comparable to similarly titled measures presented by other companies in our industry. Adjusted EBITDA is different from the term "EBITDA" as it is commonly used, and Adjusted EBITDA also varies from (i) the measure "Consolidated EBITDA" discussed in this prospectus under "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Indebtedness" and (ii) the measures "EBITDA" and "Bonus EBITDA" discussed in this prospectus under "Executive Compensation." Adjusted EBITDA is not a recognized measurement under GAAP and when analyzing our performance, investors should (i) evaluate each adjustment in our reconciliation of net income to Adjusted EBITDA and the explanatory footnotes regarding those adjustments and (ii) use Adjusted EBITDA in addition to, and not as an alternative to, operating income or net income as a measure of operating results, each as defined under GAAP.

The following table reconciles net income to Adjusted EBITDA:

	Predecessor		The Company			
	Fiscal Year Ended March 31, 2008 (As adjusted)	Pro Forma Fiscal Year Ended March 31, 2009	Fiscal Year Ended March 31, 2010	Three Months Ended June 30,		
				2009 (Unaudited) (As adjusted)	2010 (Unaudited)	
				(In thousands)		
Net income (loss)	\$ 17,874	\$ (49,441)(a)	\$ 25,419	\$ 8,425	\$ 28,169	
Income tax (benefit) expense	62,693	(25,831)	23,575	7,547	19,916	
Interest and other expense, net	1,808	141,673	150,560	36,379	40,660	
Depreciation and amortization(b)	33,079	106,335	95,763	24,003	19,384	
Certain stock-based compensation expense(c)	35,013	82,019	68,517	24,242	13,344	
Transaction expenses(d)	5,301	19,512	3,415	—	72	
Purchase accounting adjustments(e)	—	3,077	1,074	400	—	
Non-recurring items(f)	71,106	—	—	—	—	
Adjusted EBITDA	\$ 226,874	\$ 277,344	\$ 368,323	\$ 100,996	\$ 121,545	

(a) Represents loss from continuing operations.

(b) Includes \$57.8 million and \$40.6 million in pro forma 2009 and fiscal 2010, respectively, of amortization of intangible assets resulting from the acquisition. Includes \$10.1 million and \$7.2 million in the three months ended June 30, 2009 and 2010, respectively, of amortization of intangible assets resulting from the acquisition.

(c) Reflects (i) \$35.0 million of expense in fiscal 2008 for stock rights under the Predecessor's Officer Stock Rights Plan, which were accounted for as liability awards, and (ii) \$70.5 million and \$49.3 million of stock-based compensation expense in pro forma 2009 and fiscal 2010, respectively, and \$16.6 million and \$9.5 million of stock-based compensation expense in the three months ended June 30, 2009 and 2010, respectively, for new options for Class A common stock and restricted shares, in each case, issued in connection with the acquisition under the Officers' Rollover Stock Plan established in connection with the acquisition. Expense is based on vesting schedules from three to five years, which is dependent on whether officers were classified as retirement or non-retirement eligible at the time of the acquisition. Also reflects \$11.5 million and \$19.2 million of stock-based compensation expense in pro forma 2009 and fiscal 2010, respectively, and \$7.7 million and \$3.8 million of stock-based compensation expense in the three months ended June 30, 2009 and 2010, respectively, for Equity Incentive Plan Class A common stock options issued in connection with the acquisition under the Equity Incentive Plan established in connection with the acquisition.

(d) Fiscal 2008 and pro forma 2009 reflect charges related to the acquisition, including legal, tax and accounting expenses. Fiscal 2010 reflects costs related to the modification of our credit facilities, the establishment of the Tranche C term loan facility under our senior credit facilities and the related payment of special dividends. See "Acquisition and Recapitalization Transaction." The three months ended June 30, 2010 reflects certain external administrative and other expenses incurred in connection with this offering.

(e) Reflects adjustments resulting from the application of purchase accounting in connection with the acquisition not otherwise included in depreciation and amortization.

(f) Reflects loss from discontinued operations.

"Adjusted Net Income" represents net income before: (i) certain stock option-based and other equity-based compensation expenses, (ii) transaction costs, fees, losses and expenses, (iii) the impact of the application of purchase accounting, (iv) adjustments related to the amortization of intangible assets, (v) amortization or write-off of debt issuance costs and write-off of original issue discount, or OID, and

(vi) any extraordinary, unusual or non-recurring items, in each case net of the tax effect calculated using an assumed effective tax rate. We prepare Adjusted Net Income to eliminate the impact of items, net of tax, we do not consider indicative of ongoing operating performance due to their inherent unusual, extraordinary or non-recurring nature or because they result from an event of a similar nature.

We utilize and discuss Adjusted Net Income because our management uses this measure for business planning purposes, including to manage the business against internal projected results of operations and measure the performance of the business generally. We view Adjusted Net Income as a measure of our core operating business because it excludes the items described above, net of tax, which are generally not operational in nature. We also present Adjusted Net Income in this prospectus as a supplemental performance measure because we believe that this measure provides investors and securities analysts with important supplemental information with which to evaluate our performance, long-term earnings potential and to enable them to assess our performance on the same basis as management.

Adjusted Net Income as discussed in this prospectus may vary from and may not be comparable to similarly titled measures presented by other companies in our industry. Adjusted Net Income is not a recognized measurement under GAAP and when analyzing our performance, investors should (i) evaluate each adjustment in our reconciliation of net income to Adjusted Net Income and the explanatory footnotes regarding those adjustments and (ii) use Adjusted Net Income in addition to, and not as an alternative to, operating income or net income as a measure of operating results, each as defined under GAAP.

The following table reconciles net income to Adjusted Net Income:

	<u>The Company</u>		<u>Three Months</u>			
	<u>Fiscal Year Ended</u>		<u>Ended June 30,</u>			
	<u>March 31, 2010</u>		<u>2009</u>	<u>2010</u>		
			<u>(Unaudited)</u>	<u>(Unaudited)</u>		
			<u>(As adjusted)</u>	<u>(As adjusted)</u>		
			<u>(In thousands)</u>			
Net income (loss)	\$	25,419	\$	8,425	\$	28,169
Certain stock-based compensation expense(a)		68,517		24,242		13,344
Transaction expenses(b)		3,415		—		72
Purchase accounting adjustments(c)		1,074		400		—
Amortization of intangible assets(d)		40,597		10,120		7,158
Amortization or write-off of debt issuance costs and write-off of OID		5,700		1,219		1,913
Adjustments for tax effect(e)		(47,721)		(14,392)		(8,995)
Adjusted Net Income	\$	<u>97,001</u>	\$	<u>30,014</u>	\$	<u>41,661</u>

- (a) Reflects \$49.3 million of stock-based compensation expense in fiscal 2010 and \$16.6 million and \$9.5 million of stock-based compensation expense in the three months ended June 30, 2009 and 2010, respectively, for new options for Class A common stock and restricted shares, in each case, issued in connection with the acquisition under the Officers' Rollover Stock Plan established in connection with the acquisition. Expense is based on vesting schedules from three to five years, which is dependent on whether officers were classified as retirement or non-retirement eligible at the time of the acquisition. Also reflects \$19.2 million of stock-based compensation expense in fiscal 2010 and \$7.7 million and \$3.8 million of stock-based compensation expense in the three months ended June 30, 2009 and 2010, respectively, for Equity Incentive Plan Class A common stock options issued in connection with the acquisition under the Equity Incentive Plan established in connection with the acquisition.
- (b) Fiscal 2010 reflects costs related to the modification of our credit facilities, the establishment of the Tranche C term loan facility under our senior credit facilities and the related payment of special dividends. See "Acquisition and Recapitalization Transaction." The three months ended June 30, 2010 reflects certain external administrative and other expenses incurred in connection with this offering.
- (c) Reflects adjustments resulting from the application of purchase accounting in connection with the acquisition.
- (d) Reflects amortization of intangible assets resulting from the acquisition.
- (e) Reflects taxes on adjustments at an assumed marginal tax rate of 40%. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Factors and Trends Affecting Our Results of Operations — Income Taxes" and our consolidated financial statements and related footnotes included in this prospectus.

“Free Cash Flow” represents (i) net cash provided by operating activities of continuing operations after (ii) purchases of property and equipment, each as presented in our consolidated statements of cash flows. We utilize and discuss Free Cash Flow because our management uses this measure for business planning purposes, to measure the cash generating ability of our operating business after the impact of cash used to purchase property and equipment, and to measure our liquidity generally. We also present Free Cash Flow in this prospectus as a supplemental liquidity measure because we believe that this measure provides investors and securities analysts with important supplemental information with which to evaluate our liquidity and to enable them to assess our liquidity on the same basis as management.

Free Cash Flow as discussed in this prospectus may vary from and may not be comparable to similarly titled measures presented by other companies in our industry. Free Cash Flow is not a recognized measurement under GAAP and when analyzing our liquidity, investors should use Free Cash Flow in addition to, and not as an alternative to, cash flows, as defined under GAAP, as a measure of liquidity.

The following table reconciles net cash provided by operating activities of continuing operations to Free Cash Flow:

	The Company		
	Fiscal Year Ended March 31, 2010	Three Months Ended June 30,	
		2009 (Unaudited) (As adjusted)	2010 (Unaudited)
	(In thousands)		
Net cash provided by operating activities of continuing operations	\$ 270,484	\$ (61,711)	\$ 10,011
Purchases of property and equipment	(49,271)	(6,568)	(16,213)
Free Cash Flow	<u>\$ 221,213</u>	<u>\$ (68,279)</u>	<u>\$ (6,202)</u>

(9) We define backlog to include funded backlog, unfunded backlog and priced options. Funded backlog represents the revenue value of orders for services under existing contracts for which funding is appropriated or otherwise authorized less revenue previously recognized on those contracts. Unfunded backlog represents the revenue value of orders for services under existing contracts for which funding has not been appropriated or otherwise authorized. Priced contract options represent 100% of the revenue value of all future contract option periods under existing contracts that may be exercised at our clients' option and for which funding has not been appropriated or otherwise authorized. Backlog is given as of the end of each period presented. See “Risk Factors — Risks Relating to Our Business — We may not realize the full value of our backlog, which may result in lower than expected revenue,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Factors and Trends Affecting Our Results of Operations — Sources of Revenue — Contract Backlog” and “Business — Backlog.”

(10) Not available because we began to separately track information on priced options on April 1, 2008.

(11) Pro forma balance sheet data gives effect to the repayment of \$85.0 million of indebtedness under our mezzanine credit facility on August 2, 2010 and the payment of the related prepayment penalty of \$2.6 million, as if such payments had occurred on June 30, 2010. Pro forma as adjusted balance sheet data gives effect to (i) the repayment of \$85.0 million of indebtedness under our mezzanine credit facility on August 2, 2010 and the payment of the related prepayment penalty of \$2.6 million, and (ii) the use of the net proceeds from the sale of shares of our Class A common stock in this offering at an assumed initial public offering price of \$ per share, the midpoint of the range set forth on the cover of this prospectus, to repay borrowings under our mezzanine credit facility and pay a related prepayment penalty as described in “Use of Proceeds,” as if each had occurred on June 30, 2010.

Each \$1.00 increase (decrease) in the assumed public offering price of \$ per share would increase (decrease) the pro forma as adjusted amount of each of cash and cash equivalents, working capital, total assets, long-term debt, net of current portion and stockholders' equity by approximately \$ million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. We may also increase or decrease the number of shares we are offering. Each increase (decrease) of 1.0 million shares in the number of shares offered by us, assuming the offering price remains the same, would increase (decrease) the pro forma as adjusted amount of each of cash and cash equivalents, working capital, total assets, long-term debt, net of current portion, and stockholders' equity by approximately \$ million. The information discussed above is illustrative only and will adjust based on the actual public offering price and other terms of this offering determined at pricing.

RISK FACTORS

Investing in our common stock involves a high degree of risk. You should consider and read carefully all of the risks and uncertainties described below, as well as other information included in this prospectus, including our consolidated financial statements and related notes appearing at the end of this prospectus, before making an investment decision. The risks described below are not the only ones facing us. The occurrence of any of the following risks or additional risks and uncertainties not presently known to us or that we currently believe to be immaterial could materially and adversely affect our business, financial condition or results of operations. In such case, the trading price of our common stock could decline, and you may lose all or part of your original investment. This prospectus also contains forward-looking statements and estimates that involve risks and uncertainties. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of specific factors, including the risks and uncertainties described below.

Risks Related to Our Business

We depend on contracts with U.S. government agencies for substantially all of our revenue. If our relationships with such agencies are harmed, our future revenue and operating profits would decline.

The U.S. government is our primary client, with revenue from contracts and task orders, either as a prime or a subcontractor, with U.S. government agencies accounting for 98% of our revenue for fiscal 2010. Our belief is that the successful future growth of our business will continue to depend primarily on our ability to be awarded work under U.S. government contracts, as we expect this will be the primary source of all of our revenue in the foreseeable future. For this reason, any issue that compromises our relationship with the U.S. government generally or any U.S. government agency that we serve would cause our revenue to decline. Among the key factors in maintaining our relationship with U.S. government agencies are our performance on contracts and task orders, the strength of our professional reputation, compliance with applicable laws and regulations, and the strength of our relationships with client personnel. In addition, the mishandling or the perception of mishandling of sensitive information, such as our failure to maintain the confidentiality of the existence of our business relationships with certain of our clients, could harm our relationship with U.S. government agencies. If a client is not satisfied with the quality or type of work performed by us, a subcontractor or other third parties who provide services or products for a specific project, clients might seek to terminate the contract prior to its scheduled expiration date, provide a negative assessment of our performance to government-maintained contractor past-performance data repositories, fail to award us additional business under existing contracts or otherwise and direct future business to our competitors. Furthermore, we may incur additional costs to address any such situation and the profitability of that work might be impaired. To the extent that our performance does not meet client expectations, or our reputation or relationships with any of our clients is impaired, our revenue and operating profits could materially decline.

U.S. government spending and mission priorities could change in a manner that adversely affects our future revenue and limits our growth prospects.

Our business depends upon continued U.S. government expenditures on defense, intelligence and civil programs for which we provide support. These expenditures have not remained constant over time and have been reduced in certain periods. Our business, prospects, financial condition or operating results could be materially harmed among other causes by the following:

- budgetary constraints affecting U.S. government spending generally, or specific agencies in particular, and changes in available funding;
- a shift in expenditures away from agencies or programs that we support;
- reduced U.S. government outsourcing of functions that we are currently contracted to provide, including as a result of increased insourcing;
- changes in U.S. government programs that we support or related requirements;

- U.S. government shutdowns (such as that which occurred during government fiscal year 1996) or weather-related closures in the Washington, DC area (such as that which occurred in February 2010) and other potential delays in the appropriations process;
- U.S. government agencies awarding contracts on a technically acceptable/lowest cost basis in order to reduce expenditures;
- delays in the payment of our invoices by government payment offices; and
- changes in the political climate and general economic conditions, including a slowdown or unstable economic conditions and responses to conditions, such as emergency spending, that reduce funds available for other government priorities.

The Department of Defense is one of our significant clients and cost cutting, including through consolidation and elimination of duplicative organizations and insourcing, has become a major initiative for the Department of Defense. In particular, the Secretary of Defense recently announced that he has directed the Department of Defense to reduce funding for service support contractors by 10% per year for the next three years. A reduction in the amount of services that we are contracted to provide to the Department of Defense as a result of any of these related initiatives or otherwise could have a material adverse effect on our business and results of operations.

These or other factors could cause our defense, intelligence or civil clients to decrease the number of new contracts awarded generally and fail to award us new contracts, reduce their purchases under our existing contracts, exercise their right to terminate our contracts, or not exercise options to renew our contracts, any of which could cause a material decline in our revenue.

We are required to comply with numerous laws and regulations, some of which are highly complex, and our failure to comply could result in fines or civil or criminal penalties or suspension or debarment by the U.S. government that could result in our inability to receive U.S. government contracts, which could materially and adversely affect our results of operations.

As a U.S. government contractor, we must comply with laws and regulations relating to the formation, administration and performance of U.S. government contracts, which affect how we do business with our clients. Such laws and regulations may potentially impose added costs on our business and our failure to comply with them may lead to civil or criminal penalties, termination of our U.S. government contracts and/or suspension or debarment from contracting with federal agencies. Some significant laws and regulations that affect us include:

- the Federal Acquisition Regulation, or the FAR, and agency regulations supplemental to the FAR, which regulate the formation, administration and performance of U.S. government contracts. Specifically, FAR 52.203-13 requires contractors to establish a Code of Business Ethics and Conduct, implement a comprehensive internal control system, and report to the government when the contractor has credible evidence that a principal, employee, agent, or subcontractor, in connection with a government contract, has violated certain federal criminal law, violated the civil False Claims Act or has received a significant overpayment;
- the False Claims Act and False Statements Act, which impose civil and criminal liability for presenting false or fraudulent claims for payments or reimbursement, and making false statements to the U.S. government, respectively;
- the Truth in Negotiations Act, which requires certification and disclosure of cost and pricing data in connection with the negotiation of a contract, modification or task order;
- laws, regulations and executive orders restricting the use and dissemination of information classified for national security purposes and the export of certain products, services and technical data, including requirements regarding any applicable licensing of our employees involved in such work; and

- the Cost Accounting Standards and Cost Principles, which impose accounting requirements that govern our right to reimbursement under certain cost-based U.S. government contracts and require consistency of accounting practices over time.

In addition, the U.S. government adopts new laws, rules and regulations from time to time that could have a material impact on our results of operations.

Our performance under our U.S. government contracts and our compliance with the terms of those contracts and applicable laws and regulations are subject to periodic audit, review and investigation by various agencies of the U.S. government. In addition, from time to time we report potential or actual violations of applicable laws and regulations to the relevant governmental authority. Any such report of a potential or actual violation of applicable laws or regulations could lead to an audit, review or investigation by the relevant agencies of the U.S. government. If such an audit, review or investigation uncovers a violation of a law or regulation, or improper or illegal activities relating to our U.S. government contracts, we may be subject to civil or criminal penalties or administrative sanctions, including the termination of contracts, forfeiture of profits, the triggering of price reduction clauses, suspension of payments, fines and suspension or debarment from contracting with U.S. government agencies. Such penalties and sanctions are not uncommon in the industry and there is inherent uncertainty as to the outcome of any particular audit, review or investigation. If we incur a material penalty or administrative sanction or otherwise suffer harm to our reputation, our profitability, cash position and future prospects could be materially and adversely affected. Further, if the U.S. government were to initiate suspension or debarment proceedings against us or if we are indicted for or convicted of illegal activities relating to our U.S. government contracts following an audit, review or investigation, we may lose our ability to be awarded contracts in the future or receive renewals of existing contracts for a period of time which could materially and adversely affect our results of operations or financial condition. We could also suffer harm to our reputation if allegations of impropriety were made against us, which would impair our ability to win awards of contracts in the future or receive renewals of existing contracts.

We derive a majority of our revenue from contracts awarded through a competitive bidding process, and our revenue and profitability may be adversely affected if we are unable to compete effectively in the process or if there are delays caused by our competitors protesting major contract awards received by us.

We derive a majority of our revenue from U.S. government contracts awarded through competitive bidding processes. We do not expect this to change for the foreseeable future. Our failure to compete effectively in this procurement environment would have a material adverse effect on our revenue and profitability.

The competitive bidding process involves risk and significant costs to businesses operating in this environment, including:

- the necessity to expend resources, make financial commitments (such as procuring leased premises) and bid on engagements in advance of the completion of their design, which may result in unforeseen difficulties in execution, cost overruns and, in the case of an unsuccessful competition, the loss of committed costs;
- the substantial cost and managerial time and effort spent to prepare bids and proposals for contracts that may not be awarded to us;
- the ability to accurately estimate the resources and costs that will be required to service any contract we are awarded;
- the expense and delay that may arise if our competitors protest or challenge contract awards made to us pursuant to competitive bidding, and the risk that any such protest or challenge could result in the resubmission of bids on modified specifications, or in termination, reduction, or modification of the awarded contract; and
- any opportunity cost of bidding and winning other contracts we might otherwise pursue.

In circumstances where contracts are held by other companies and are scheduled to expire, we still may not be provided the opportunity to bid on those contracts if the U.S. government determines to extend the existing contract. If we are unable to win particular contracts that are awarded through the competitive bidding process, we may not be able to operate in the market for services that are provided under those contracts for the duration of those contracts to the extent that there is no additional demand for such services. An inability to consistently win new contract awards over any extended period would have a material adverse effect on our business and results of operations.

It can take many months for the relevant U.S. government agency to resolve protests by one or more of our competitors of contract awards we receive. The resulting delay in the start up and funding of the work under these contracts may cause our actual results to differ materially and adversely from those anticipated.

We may lose GSA schedules or our position as a prime contractor on one or more of our GWACs.

We believe that one of the key elements of our success is our position as the holder of ten General Services Administration Multiple Award schedule contracts, or GSA schedules, and as a prime contractor under four government-wide acquisition contract vehicles, or GWACs, as of June 30, 2010. GSA schedules are administered by the General Services Administration and support a wide range of products and services. GWACs are used to procure IT products and services and are administered by the agency soliciting the services or products. Our ability to maintain our existing business and win new business depends on our ability to maintain our position as a GSA schedule contractor and a prime contractor on GWACs. The loss of any of our GSA schedules or our prime contractor position on any of our contracts could have a material adverse effect on our ability to win new business and our operating results. In addition, if the U.S. government elects to use a contract vehicle that we do not hold, we will not be able to compete for work under that contract vehicle as a prime contractor.

We may earn less revenue than projected, or no revenue, under certain of our contracts.

Many of our contracts with our clients are indefinite delivery, indefinite quantity, or ID/IQ, contracts, including GSA schedules and GWACs. ID/IQ contracts provide for the issuance by the client of orders for services or products under the contract, and often contain multi-year terms and unfunded ceiling amounts, which allow but do not commit the U.S. government to purchase products and services from contractors. Our ability to generate revenue under each of these types of contracts depends upon our ability to be awarded task orders for specific services by the client. ID/IQ contracts may be awarded to one contractor (single award) or several contractors (multiple award). Multiple contractors must compete under multiple award ID/IQ contracts for task orders to provide particular services, and contractors earn revenue only to the extent that they successfully compete for these task orders. In fiscal 2008, pro forma 2009 and fiscal 2010, our revenue under our GSA schedules and GWACs accounted for 29%, 27% and 23%, respectively, of our total revenue. A failure to be awarded task orders under such contracts would have a material adverse effect on our results of operations and financial condition.

Our earnings and profitability may vary based on the mix of our contracts and may be adversely affected by our failure to accurately estimate or otherwise recover the expenses, time and resources for our contracts.

We enter into three general types of U.S. government contracts for our services: cost-reimbursable, time-and-materials and fixed-price. For fiscal 2010, we derived 50% of our revenue from cost-reimbursable contracts, 38% from time-and-materials contracts and 12% from fixed-price contracts. For the three months ended June 30, 2010, we derived 51% of our revenue from cost-reimbursable contracts, 36% from time-and-materials contracts and 13% from fixed-price contracts.

Each of these types of contracts, to varying degrees, involves the risk that we could underestimate our cost of fulfilling the contract, which may reduce the profit we earn or lead to a financial loss on the contract and adversely affect our operating results.

Under cost-reimbursable contracts, we are reimbursed for allowable costs up to a ceiling and paid a fee, which may be fixed or performance-based. If our actual costs exceed the contract ceiling or are not allowable under the terms of the contract or applicable regulations, we may not be able to recover those costs. In particular, there is increasing focus by the U.S. government on the extent to which government contractors, including us, are able to receive reimbursement for employee compensation.

Under time-and-materials contracts, we are reimbursed for labor at negotiated hourly billing rates and for certain allowable expenses. We assume financial risk on time-and-materials contracts because our costs of performance may exceed these negotiated hourly rates.

Under fixed-price contracts, we perform specific tasks for a pre-determined price. Compared to time-and-materials and cost-reimbursable contracts, fixed-price contracts generally offer higher margin opportunities because we receive the benefits of any cost savings, but involve greater financial risk because we bear the impact of any cost overruns. The U.S. government has indicated that it intends to increase its use of fixed price contract procurements. In addition, the Department of Defense recently adopted purchasing guidelines that mark a shift towards fixed-priced procurement contracts. Because we assume the risk for cost overruns and contingent losses on fixed-price contracts, an increase in the percentage of fixed-price contracts in our contract mix would increase our risk of suffering losses.

Additionally, our profits could be adversely affected if our costs under any of these contracts exceed the assumptions we used in bidding for the contract. We have recorded provisions in our consolidated financial statements for losses on our contracts, as required under GAAP, but our contract loss provisions may not be adequate to cover all actual losses that we may incur in the future.

Our professional reputation is critical to our business, and any harm to our reputation could decrease the amount of business the U.S. government does with us, which could have a material adverse effect on our future revenue and growth prospects.

We depend on our contracts with U.S. government agencies for substantially all of our revenue and if our reputation or relationships with these agencies were harmed, our future revenue and growth prospects would be materially and adversely affected. Our reputation and relationship with the U.S. government is a key factor in maintaining and growing revenue under contracts with the U.S. government. Negative press reports regarding poor contract performance, employee misconduct, information security breaches or other aspects of our business, or regarding government contractors generally, could harm our reputation. If our reputation with these agencies is negatively affected, or if we are suspended or debarred from contracting with government agencies for any reason, such actions would decrease the amount of business that the U.S. government does with us, which would have a material adverse effect on our future revenue and growth prospects.

We use estimates in recognizing revenue and if we make changes to estimates used in recognizing revenue, our profitability may be adversely affected.

Revenue from our fixed-price contracts is primarily recognized using the percentage-of-completion method with progress toward completion of a particular contract based on actual costs incurred relative to total estimated costs to be incurred over the life of the contract. Revenue from our cost-plus-award-fee contracts are based on our estimation of award fees over the life of the contract. Estimating costs at completion and award fees on our long-term contracts is complex and involves significant judgment. Adjustments to original estimates are often required as work progresses, experience is gained and additional information becomes known, even though the scope of the work required under the contract may not change. Any adjustment as a result of a change in estimate is recognized as events become known.

In the event updated estimates indicate that we will experience a loss on the contract, we recognize the estimated loss at the time it is determined. Additional information may subsequently indicate that the loss is more or less than initially recognized, which requires further adjustments in our consolidated financial statements. Changes in the underlying assumptions, circumstances or estimates could result in adjustments that could have a material adverse effect on our future results of operations.

We may not realize the full value of our backlog, which may result in lower than expected revenue.

As of June 30, 2010, our total backlog was \$9.5 billion, of which \$2.6 billion was funded. We define backlog to include the following three components:

- ***Funded Backlog.*** Funded backlog represents the revenue value of orders for services under existing contracts for which funding is appropriated or otherwise authorized less revenue previously recognized on these contracts.
- ***Unfunded Backlog.*** Unfunded backlog represents the revenue value of orders for services under existing contracts for which funding has not been appropriated or otherwise authorized.
- ***Priced Options.*** Priced contract options represent 100% of the revenue value of all future contract option periods under existing contracts that may be exercised at our clients' option and for which funding has not been appropriated or otherwise authorized.

Backlog does not include any task orders under ID/IQ contracts, including GWACs and GSA schedules, except to the extent that task orders have been awarded to us under those contracts.

We historically have not realized all of the revenue included in our total backlog, and we may not realize all of the revenue included in our total backlog in the future. There is a somewhat higher degree of risk in this regard with respect to unfunded backlog and priced options. In addition, there can be no assurance that our backlog will result in actual revenue in any particular period. This is because the actual receipt, timing and amount of revenue under contracts included in backlog are subject to various contingencies, including congressional appropriations, many of which are beyond our control. For example, the actual receipt of revenue from contracts included in backlog may never occur or may be delayed because a program schedule could change or the program could be canceled, a contract could be reduced, modified or terminated early, including as a result of a lack of appropriated funds or as a result of cost cutting initiatives and other efforts to reduce U.S. government spending such as initiatives recently announced by the Secretary of Defense. In addition, headcount growth is the primary means by which we are able to recognize revenue growth. Any inability to hire additional appropriately qualified personnel or failure to effectively deploy such additional personnel against funded backlog could negatively affect our ability to grow our revenue. Furthermore, even if our backlog results in revenue, the contracts may not be profitable.

We may fail to attract, train and retain skilled and qualified employees with appropriate security clearances, which may impair our ability to generate revenue, effectively service our clients and execute our growth strategy.

Our business depends in large part upon our ability to attract and retain sufficient numbers of highly qualified individuals who may have advanced degrees in areas such as information technology as well as appropriate security clearances. We compete for such qualified personnel with other U.S. government contractors, the U.S. government and private industry, and such competition is intense. Personnel with the requisite skills, qualifications or security clearance may be in short supply or generally unavailable. In addition, our ability to recruit, hire and internally deploy former employees of the U.S. government is subject to complex laws and regulations, which may serve as an impediment to our ability to attract such former employees, and failure to comply with these laws and regulations may expose us and our employees to civil or criminal penalties. If we are unable to recruit and retain a sufficient number of qualified employees, our ability to maintain and grow our business and to effectively service our clients could be limited and our future revenue and results of operations could be materially and adversely affected. Furthermore, to the extent that we are unable to make necessary permanent hires to appropriately service our clients, we could be required to engage larger numbers of contracted personnel, which could reduce our profit margins.

If we are able to attract sufficient numbers of qualified new hires, training and retention costs may place significant demands on our resources. In addition, to the extent that we experience attrition in our employee ranks, we may realize only a limited or no return on such invested resources, and we would have to expend additional resources to hire and train replacement employees. The loss of services of key personnel could also

impair our ability to perform required services under some of our contracts and to retain such contracts, as well as our ability to win new business.

We may fail to obtain and maintain necessary security clearances which may adversely affect our ability to perform on certain contracts.

Many U.S. government programs require contractors to have security clearances. Depending on the level of required clearance, security clearances can be difficult and time-consuming to obtain. If we or our employees are unable to obtain or retain necessary security clearances, we may not be able to win new business, and our existing clients could terminate their contracts with us or decide not to renew them. To the extent we are not able to obtain and maintain facility security clearances or engage employees with the required security clearances for a particular contract, we may not be able to bid on or win new contracts, or effectively rebid on expiring contracts, as well as lose existing contracts, which may adversely affect our operating results and inhibit the execution of our growth strategy.

Our profitability could suffer if we are not able to effectively utilize our professionals.

The cost of providing our services, including the utilization rate of our professionals, affects our profitability. Our utilization rate is affected by a number of factors, including:

- our ability to transition employees from completed projects to new assignments and to hire and assimilate new employees;
- our ability to forecast demand for our services and thereby maintain headcount that is aligned with demand;
- our ability to manage attrition; and
- our need to devote time and resources to training, business development and other non-chargeable activities.

If our utilization rate is too low, our profit margin and profitability could suffer. Additionally, if our utilization rate is too high, it could have a material adverse effect on employee engagement and attrition, which would in turn have a material adverse impact on our business.

We may lose one or more members of our senior management team or fail to develop new leaders which could cause the disruption of the management of our business.

We believe that the future success of our business and our ability to operate profitably depends on the continued contributions of the members of our senior management and the continued development of new members of senior management. We rely on our senior management to generate business and execute programs successfully. In addition, the relationships and reputation that many members of our senior management team have established and maintain with our clients are important to our business and our ability to identify new business opportunities. We do not have any employment agreements providing for a specific term of employment with any member of our senior management. The loss of any member of our senior management or our failure to continue to develop new members could impair our ability to identify and secure new contracts, to maintain good client relations and to otherwise manage our business.

Our employees or subcontractors may engage in misconduct or other improper activities which could harm our ability to conduct business with the U.S. government.

We are exposed to the risk that employee or subcontractor fraud or other misconduct could occur. Misconduct by employees or subcontractors could include intentional or unintentional failures to comply with U.S. government procurement regulations, engaging in unauthorized activities or falsifying time records. Employee or subcontractor misconduct could also involve the improper use of our clients' sensitive or classified information or the failure to comply with legislation or regulations regarding the protection of sensitive or classified information. It is not always possible to deter employee or subcontractor misconduct, and the precautions we take to prevent and detect this activity may not be effective in controlling unknown or unmanaged risks or losses, which could materially

harm our business. As a result of such misconduct, our employees could lose their security clearance and we could face fines and civil or criminal penalties, loss of facility clearance accreditation and suspension or debarment from contracting with the U.S. government, as well as reputational harm, which would materially and adversely affect our results of operations and financial condition.

We face intense competition from many competitors, which could cause us to lose business, lower prices and suffer employee departures.

Our business operates in a highly competitive industry and we generally compete with a wide variety of U.S. government contractors, including large defense contractors, diversified service providers and small businesses. We also face competition from entrants into our markets including companies divested by large prime contractors in response to increasing scrutiny of organizational conflicts of interest issues. Some of these companies possess greater financial resources and larger technical staffs, and others that have smaller and more specialized staffs. These competitors could, among other things:

- divert sales from us by winning very large-scale government contracts, a risk that is enhanced by the recent trend in government procurement practices to bundle services into larger contracts;
- force us to charge lower prices in order to win or maintain contracts;
- seek to hire our employees; or
- adversely affect our relationships with current clients, including our ability to continue to win competitively awarded engagements where we are the incumbent.

If we lose business to our competitors or are forced to lower our prices or suffer employee departures, our revenue and our operating profits could decline. In addition, we may face competition from our subcontractors who, from time to time, seek to obtain prime contractor status on contracts for which they currently serve as a subcontractor to us. If one or more of our current subcontractors are awarded prime contractor status on such contracts in the future, it could divert sales from us and could force us to charge lower prices, which could have a material adverse effect on our revenue and profitability.

Our failure to maintain strong relationships with other contractors, or the failure of contractors with which we have entered into a sub- or prime contractor relationship to meet their obligations to us or our clients, could have a material adverse effect on our business and results of operations.

Maintaining strong relationships with other U.S. government contractors, who may also be our competitors, is important to our business and our failure to do so could have a material adverse effect on our business, prospects, financial condition and operating results. To the extent that we fail to maintain good relations with our subcontractors or other prime contractors due to either perceived or actual performance failures or other conduct, they may refuse to hire us as a subcontractor in the future or to work with us as our subcontractor. In addition, other contractors may choose not to use us as a subcontractor or choose not to perform work for us as a subcontractor for any number of additional reasons, including because they choose to establish relationships with our competitors or because they choose to directly offer services that compete with our business.

As a prime contractor, we often rely on other companies to perform some of the work under a contract, and we expect to continue to depend on relationships with other contractors for portions of our delivery of services and revenue in the foreseeable future. If our subcontractors fail to perform their contractual obligations, our operating results and future growth prospects could be impaired. There is a risk that we may have disputes with our subcontractors arising from, among other things, the quality and timeliness of work performed by the subcontractor, client concerns about the subcontractor, our failure to extend existing task orders or issue new task orders under a subcontract, or our hiring of a subcontractor's personnel. In addition, if any of our subcontractors fail to deliver the agreed-upon supplies or perform the agreed-upon services on a timely basis, our ability to fulfill our obligations as a prime contractor may be jeopardized. Material losses could arise in future periods and subcontractor performance deficiencies could result in a client terminating a contract for default. A termination for default could expose us to liability and have an adverse effect on our ability to compete for future contracts and orders.

We estimate that revenue derived from contracts in which we acted as a subcontractor to other companies represented 13% of our revenue for fiscal 2010. As a subcontractor, we often lack control over fulfillment of a contract, and poor performance on the contract could tarnish our reputation, even when we perform as required, and could cause other contractors to choose not to hire us as a subcontractor in the future. In addition, if the U.S. government terminates or reduces other prime contractors' programs or does not award them new contracts, subcontracting opportunities available to us could decrease, which would have a material adverse effect on our financial condition and results of operations.

Adverse judgments or settlements in legal disputes could result in materially adverse monetary damages or injunctive relief and damage our reputation.

We are subject to, and may become a party to, a variety of litigation or other claims and suits that arise from time to time in the ordinary course of our business. For example, over time, we have had disputes with current and former employees involving alleged violations of civil rights, wage and hour, and worker's compensation laws. Further, as more fully described under "Business — Legal Proceedings," six former officers and stockholders of the Predecessor who had departed the firm prior to the acquisition have filed suits against our company and certain of our current and former directors and officers. Each of the suits arises out of the acquisition and alleges that the former stockholders are entitled to certain payments that they would have received if they had held their stock at the time of acquisition. The results of litigation and other legal proceedings are inherently uncertain and adverse judgments or settlements in some or all of these legal disputes may result in materially adverse monetary damages or injunctive relief against us. Any claims or litigation, even if fully indemnified or insured, could damage our reputation and make it more difficult to compete effectively or obtain adequate insurance in the future. The litigation and other claims described in this prospectus under the caption "Business — Legal Proceedings" are subject to future developments and management's view of these matters may change in the future.

Systems that we develop, integrate or maintain could experience security breaches which may damage our reputation with our clients and hinder future contract win rates.

Many of the systems we develop, integrate or maintain involve managing and protecting information involved in intelligence, national security and other sensitive or classified government functions. A security breach in one of these systems could cause serious harm to our business, damage our reputation and prevent us from being eligible for further work on sensitive or classified systems for U.S. government clients. Damage to our reputation or limitations on our eligibility for additional work or any liability resulting from a security breach in one of the systems we develop, install or maintain could have a material adverse effect on our results of operations.

Internal system or service failures could disrupt our business and impair our ability to effectively provide our services to our clients, which could damage our reputation and have a material adverse effect on our business and results of operations.

We create, implement and maintain information technology and engineering systems, and provide services that are often critical to our clients' operations, some of which involve classified or other sensitive information and may be conducted in war zones or other hazardous environments. We are subject to systems failures, including network, software or hardware failures, whether caused by us, third-party service providers, intruders or hackers, computer viruses, natural disasters, power shortages or terrorist attacks. Any such failures could cause loss of data and interruptions or delays in our or our clients' businesses and could damage our reputation. In addition, the failure or disruption of our communications or utilities could cause us to interrupt or suspend our operations, which could have a material adverse effect on our business and results of operations.

If our systems, services or other applications have significant defects or errors, are subject to delivery delays or fail to meet our clients' expectations, we may:

- lose revenue due to adverse client reaction;
- be required to provide additional services to a client at no charge;

- receive negative publicity, which could damage our reputation and adversely affect our ability to attract or retain clients; or
- suffer claims for substantial damages.

In addition to any costs resulting from contract performance or required corrective action, these failures may result in increased costs or loss of revenue if they result in clients postponing subsequently scheduled work or canceling or failing to renew contracts.

Our errors and omissions insurance coverage may not continue to be available on reasonable terms or in sufficient amounts to cover one or more large claims, or the insurer may disclaim coverage as to some types of future claims. The successful assertion of any large claim against us could seriously harm our business. Even if not successful, these claims could result in significant legal and other costs, may be a distraction to our management and may harm our client relationships. In certain new business areas, we may not be able to obtain sufficient insurance and may decide not to accept or solicit business in these areas.

The growth of our business entails risks associated with new relationships, clients, capabilities, service offerings and maintaining our collaborative culture.

We are focused on growing our presence in our addressable markets by: expanding our relationships with existing clients, developing new clients by leveraging our core competencies, creating new capabilities to address our clients' emerging needs and undertaking business development efforts focused on identifying near-term developments and long-term trends that may pose significant challenges for our clients. These efforts entail inherent risks associated with innovation and competition from other participants in those areas and potential failure to help our clients respond to the challenges they face. As we attempt to develop new relationships, clients, capabilities and service offerings, these efforts could harm our results of operations due to, among other things, a diversion of our focus and resources, actual costs and opportunity costs of pursuing these opportunities in lieu of others, and these efforts could be unsuccessful. In addition, our ability to grow our business by leveraging our operating model to efficiently and effectively deploy our people across our client base is largely dependent on our ability to maintain our collaborative culture. To the extent that we are unable to maintain our culture for any reason, we may be unable to grow our business. Any such failure could have a material adverse effect on our business and results of operations.

We and our subsidiaries may incur debt in the future, which could substantially reduce our profitability, limit our ability to pursue certain business opportunities, and reduce the value of your investment.

In connection with the acquisition and the recapitalization transaction, which refers to the December 2009 payment of a special dividend and repayment of a portion of the deferred payment obligation and the related amendments to our credit agreements, and as a result of our business activities, we have incurred a substantial amount of debt. As of June 30, 2010, on a pro forma as adjusted basis after giving effect to (i) this offering and the use of the net proceeds therefrom as described in "Use of Proceeds" and (ii) the repayment of \$85.0 million of indebtedness under our mezzanine credit facility on August 2, 2010, we would have had approximately \$ million of debt outstanding. The instruments governing our indebtedness may not prevent us or our subsidiaries from incurring additional debt in the future or other obligations that do not constitute indebtedness, which could increase the risks described below and lead to other risks. In addition, we may, at our option and subject to certain closing conditions including pro forma compliance with financial covenants, increase the borrowing capacity under our senior credit facilities without the consent of any person other than the institutions agreeing to provide all or any portion of such increase, to an amount not to exceed \$100 million. The amount of our debt or such other obligations could have important consequences for holders of our Class A common stock, including, but not limited to:

- our ability to satisfy obligations to lenders may be impaired, resulting in possible defaults on and acceleration of our indebtedness;

- our ability to obtain additional financing for refinancing of existing indebtedness, working capital, capital expenditures, product and service development, acquisitions, general corporate purposes, and other purposes may be impaired;
- a substantial portion of our cash flow from operations could be dedicated to the payment of the principal and interest on our debt;
- we may be increasingly vulnerable to economic downturns and increases in interest rates;
- our flexibility in planning for and reacting to changes in our business and the industry may be limited; and
- we may be placed at a competitive disadvantage relative to other firms in our industry.

Our credit facilities contain financial and operating covenants that limit our operations and could lead to adverse consequences if we fail to comply with them.

Our senior credit facilities and our mezzanine credit facility, which we refer to together as our credit facilities, contain financial and operating covenants relating to, among other things, interest coverage and leverage ratios, as well as limitations on mergers, consolidations and dissolutions, sales of assets, investments and acquisitions, indebtedness and liens, dividends, repurchase of shares of capital stock and options to purchase shares of capital stock, transactions with affiliates, sale and leaseback transactions, and restricted payments. The revolving credit facility and the Tranche A term facility mature on July 31, 2014. The Tranche B term facility and Tranche C term facility mature on July 31, 2015. Our mezzanine credit facility matures on July 31, 2016. Failure to meet these financial and operating covenants could result from, among other things, changes in our results of operations, the incurrence of debt, or changes in general economic conditions, which may be beyond our control. These covenants may restrict our ability to engage in transactions that we believe would otherwise be in the best interests of our stockholders, which could harm our business and operations.

Many of our contracts with the U.S. government are classified or subject to other security restrictions, which may limit investor insight into portions of our business.

For fiscal 2010, we derived a substantial portion of our revenue from contracts with the U.S. government that are classified or subject to security restrictions which preclude the dissemination of certain information. Because we are limited in our ability to provide details about these contracts, their risks or any dispute or claims relating to such contracts, you will have less insight into certain portions of our business and therefore may be less able to fully evaluate the risks related to those portions of our business.

If we cannot collect our receivables or if payment is delayed, our business may be adversely affected by our inability to generate cash flow, provide working capital, or continue our business operations.

We depend on the timely collection of our receivables to generate cash flow, provide working capital and continue our business operations. If the U.S. government or any prime contractor for whom we are a subcontractor fails to pay or delays the payment of invoices for any reason, our business and financial condition may be materially and adversely affected. The U.S. government may delay or fail to pay invoices for a number of reasons, including lack of appropriated funds, lack of an approved budget, or as a result of audit findings by government regulatory agencies. Some prime contractors for whom we are a subcontractor have significantly fewer financial resources than we do, which may increase the risk that we may not be paid in full or that payment may be delayed.

Recent efforts by the U.S. government to revise its organizational conflict of interest rules could limit our ability to successfully compete for new contracts or task orders, which would adversely affect our results of operations.

Recent efforts by the U.S. government to reform its procurement practices have focused, among other areas, on the separation of certain types of work to facilitate objectivity and avoid or mitigate organizational

conflicts of interest and strengthening regulations governing organizational conflicts of interest. Organizational conflicts of interest may arise from circumstances in which a contractor has:

- impaired objectivity;
- unfair access to non-public information; or
- the ability to set the “ground rules” for another procurement for which the contractor competes.

A focus on organizational conflicts of interest issues has resulted in legislation and a proposed regulation aimed at increasing organizational conflicts of interest requirements, including, among other things, separating sellers of products and providers of advisory services in major defense acquisition programs. In addition, we expect the U.S. government to adopt a FAR rule to address organizational conflicts of interest issues that will apply to all government contractors, including us, in Department of Defense and other procurements. A future FAR rule may also increase the restrictions in current organizational conflicts of interest regulations and rules. To the extent that proposed and future organizational conflicts of interest laws, regulations, and rules, limit our ability to successfully compete for new contracts or task orders with the U.S. government, either because of organizational conflicts of interest issues arising from our business, or because companies with which we are affiliated, including through Carlyle, or with which we otherwise conduct business, create organizational conflicts of interest issues for us, our results of operations could be materially and adversely affected.

Acquisitions could result in operating difficulties or other adverse consequences to our business.

As part of our future operating strategy, we may choose to selectively pursue acquisitions. This could pose many risks, including:

- we may not be able to identify suitable acquisition candidates at prices we consider attractive;
- we may not be able to compete successfully for identified acquisition candidates, complete acquisitions or accurately estimate the financial effect of acquisitions on our business;
- future acquisitions may require us to issue common stock or spend significant cash, resulting in dilution of ownership or additional debt leverage;
- we may have difficulty retaining an acquired company’s key employees or clients;
- we may have difficulty integrating acquired businesses, resulting in unforeseen difficulties, such as incompatible accounting, information management, or other control systems, and greater expenses than expected;
- acquisitions may disrupt our business or distract our management from other responsibilities;
- as a result of an acquisition, we may incur additional debt and we may need to record write-downs from future impairments of intangible assets, each of which could reduce our future reported earnings; and
- we may have difficulty integrating personnel from the acquired company with our people and our core values.

In connection with any acquisition that we make, there may be liabilities that we fail to discover or that we inadequately assess, and we may fail to discover any failure of a target company to have fulfilled its contractual obligations to the U.S. government or other clients. Acquired entities may not operate profitably or result in improved operating performance. Additionally, we may not realize anticipated synergies, business growth opportunities, cost savings and other benefits we anticipate, which could have a material adverse effect on our business and results of operations.

Risks Related to Our Industry

Our U.S. government contracts may be terminated by the government at any time and may contain other provisions permitting the government to discontinue contract performance, and if lost contracts are not replaced, our operating results may differ materially and adversely from those anticipated.

U.S. government contracts contain provisions and are subject to laws and regulations that provide government clients with rights and remedies not typically found in commercial contracts. These rights and remedies allow government clients, among other things, to:

- terminate existing contracts, with short notice, for convenience as well as for default;
- reduce orders under or otherwise modify contracts;
- for contracts subject to the Truth in Negotiations Act, reduce the contract price or cost where it was increased because a contractor or subcontractor furnished cost or pricing data during negotiations that was not complete, accurate and current;
- for some contracts, (i) demand a refund, make a forward price adjustment or terminate a contract for default if a contractor provided inaccurate or incomplete data during the contract negotiation process and (ii) reduce the contract price under certain triggering circumstances, including the revision of price lists or other documents upon which the contract award was predicated;
- terminate our facility security clearances and thereby prevent us from receiving classified contracts;
- cancel multi-year contracts and related orders if funds for contract performance for any subsequent year become unavailable;
- decline to exercise an option to renew a multi-year contract or issue task orders in connection with ID/IQ contracts;
- claim rights in solutions, systems and technology produced by us, appropriate such work-product for their continued use without continuing to contract for our services and disclose such work-product to third parties, including other U.S. government agencies and our competitors, which could harm our competitive position;
- prohibit future procurement awards with a particular agency due to a finding of organizational conflicts of interest based upon prior related work performed for the agency that would give a contractor an unfair advantage over competing contractors, or the existence of conflicting roles that might bias a contractor's judgment;
- subject the award of contracts to protest by competitors, which may require the contracting federal agency or department to suspend our performance pending the outcome of the protest and may also result in a requirement to resubmit offers for the contract or in the termination, reduction or modification of the awarded contract; and
- suspend or debar us from doing business with the U.S. government.

If a U.S. government client were to unexpectedly terminate, cancel or decline to exercise an option to renew with respect to one or more of our significant contracts, or suspend or debar us from doing business with the U.S. government, our revenue and operating results would be materially harmed.

The U.S. government may revise its procurement, contract or other practices in a manner adverse to us.

The U.S. government may:

- revise its procurement practices or adopt new contract laws, rules and regulations, such as cost accounting standards, organizational conflicts of interest and other rules governing inherently governmental functions at any time;

- reduce, delay or cancel procurement programs resulting from U.S. government efforts to improve procurement practices and efficiency;
- limit the creation of new government-wide or agency-specific multiple award contracts;
- face restrictions or pressure from government employees and their unions regarding the amount of services the U.S. government may obtain from private contractors;
- award contracts on a technically acceptable/lowest cost basis in order to reduce expenditures, and we may not be the lowest cost provider of services;
- change the basis upon which it reimburses our compensation and other expenses or otherwise limit such reimbursements; and
- at its option, terminate or decline to renew our contracts.

In addition, any new contracting methods could be costly or administratively difficult for us to implement and could adversely affect our future revenue. Any such changes to the U.S. government's procurement practices or the adoption of new contracting rules or practices could impair our ability to obtain new or re-compete contracts and any such changes or increased associated costs could materially and adversely affect our results of operations.

The U.S. government may prefer minority-owned, small and small disadvantaged businesses, therefore, we may not win contracts we bid for.

As a result of the Small Business Administration set-aside program, the U.S. government may decide to restrict certain procurements only to bidders that qualify as minority-owned, small or small disadvantaged businesses. As a result, we would not be eligible to perform as a prime contractor on those programs and would be restricted to a maximum of 49% of the work as a subcontractor on those programs. An increase in the amount of procurements under the Small Business Administration set-aside program may impact our ability to bid on new procurements as a prime contractor or restrict our ability to re-compete on incumbent work that is placed in the set-aside program.

Our contracts, performance and administrative processes and systems are subject to audits, reviews, investigations and cost adjustments by the U.S. government, which could reduce our revenue, disrupt our business or otherwise materially adversely affect our results of operations.

U.S. government agencies routinely audit, review and investigate government contracts and government contractors' administrative processes and systems. These agencies review our performance on contracts, pricing practices, cost structure and compliance with applicable laws, regulations and standards, including applicable government cost accounting standards. For example, we are in the process of responding to an August 5, 2010 Notice of Intent to Disallow Costs from the Defense Contract Management Agency, to disallow approximately \$17 million of subcontractor labor costs relating to services provided in fiscal 2005. These agencies also review our compliance with government regulations and policies and the Defense Contract Audit Agency, or the DCAA, audits, among other areas, the adequacy of our internal control systems and policies, including our purchasing, property, estimating, compensation and management information systems. In particular, over time the DCAA has increased and may continue to increase the proportion of employee compensation that it deems unallowable and the size of the employee population whose compensation is disallowed, which will continue to materially and adversely affect our results of operations or financial condition. Any costs found to be unallowable under a contract will not be reimbursed, and any such costs already reimbursed must be refunded. Moreover, if any of the administrative processes and systems are found not to comply with government imposed requirements, we may be subjected to increased government scrutiny and approval that could delay or otherwise adversely affect our ability to compete for or perform contracts. Unfavorable U.S. government audit, review or investigation results could subject us to civil or criminal penalties or administrative sanctions, and could harm our reputation and relationships with our clients and impair our ability to be awarded new contracts. For example, if our invoicing system were found to be inadequate following an audit by the DCAA, our ability to directly invoice U.S. government payment offices could be eliminated. As a result, we would be required to submit each invoice to the DCAA for approval prior to payment, which could materially increase our accounts receivable days sales outstanding and adversely

affect our cash flow. An unfavorable outcome to an audit, review or investigation by any U.S. government agency could materially and adversely affect our relationship with the U.S. government. If a government investigation uncovers improper or illegal activities, we may be subject to civil and criminal penalties and administrative sanctions, including termination of contracts, forfeitures of profits, suspension of payments, fines and suspension or debarment from doing business with the U.S. government. In addition, we could suffer serious reputational harm if allegations of impropriety were made against us. Provisions that we have recorded in our financial statements as a compliance reserve may not cover actual losses. Furthermore, the disallowance of any costs previously charged could directly and negatively affect our current results of operations for the relevant prior fiscal periods, and we could be required to repay any such disallowed amounts. Each of these results could materially and adversely affect our results of operations or financial condition.

A delay in the completion of the U.S. government's budget process could result in a reduction in our backlog and have a material adverse effect on our revenue and operating results.

On an annual basis, the U.S. Congress must approve budgets that govern spending by each of the federal agencies we support. When the U.S. Congress is unable to agree on budget priorities, and thus is unable to pass the annual budget on a timely basis, the U.S. Congress typically enacts a continuing resolution. A continuing resolution allows government agencies to operate at spending levels approved in the previous budget cycle. When government agencies operate on the basis of a continuing resolution, they may delay funding we expect to receive on contracts we are already performing. Any such delays would likely result in new business initiatives being delayed or cancelled and a reduction in our backlog, and could have a material adverse effect on our revenue and operating results.

Risks Related to Our Common Stock and This Offering

Booz Allen Holding is a holding company with no operations of its own, and it depends on its subsidiaries for cash to fund all of its operations and expenses, including to make future dividend payments, if any.

The operations of Booz Allen Holding are conducted almost entirely through its subsidiaries and its ability to generate cash to meet its debt service obligations or to pay dividends is highly dependent on the earnings and the receipt of funds from its subsidiaries via dividends or intercompany loans. We do not currently expect to declare or pay dividends on our Class A common stock for the foreseeable future; however, to the extent that we determine in the future to pay dividends on our Class A common stock, none of our subsidiaries will be obligated to make funds available to us for the payment of dividends. Further, our credit facilities significantly restrict the ability of our subsidiaries to pay dividends or otherwise transfer assets to us. In addition, Delaware law may impose requirements that may restrict our ability to pay dividends to holders of our common stock.

Our principal stockholder could exert significant influence over our company.

As of September 23, 2010, Carlyle, through Coinvest, owned in the aggregate shares of our common stock representing 79% of our outstanding voting power. After completion of this offering, Carlyle will own in the aggregate shares of our common stock representing % of our outstanding voting power, or % if the underwriters exercise their over-allotment option in full (in each case, excluding shares of common stock with respect to which Carlyle has received a voting proxy pursuant to new irrevocable proxy and tag-along agreements). Under the terms of the new irrevocable proxy and tag-along agreements Carlyle will be able to exercise voting power over shares of our common stock owned by a number of other stockholders, including our executive officers, with respect to the election and removal of directors and change of control transactions. See "Certain Relationships and Related Party Transactions — Related Person Transactions — Irrevocable Proxy and Tag-Along Agreements." As a result, Carlyle will have a controlling influence over all matters presented to our stockholders for approval, including election and removal of our directors and change of control transactions.

In addition, Coinvest is a party to the stockholders agreement pursuant to which Carlyle currently has the ability to cause the election of a majority of our Board. Under the terms of the amended and restated stockholders agreement to be entered into in connection with this offering, Carlyle will continue to have the right

to nominate a majority of the members of our Board and to exercise control over matters requiring stockholder approval and our policy and affairs, for example, by being able to direct the use of proceeds received from this and future security offerings. See “Certain Relationships and Related Party Transactions — Related Person Transactions — Stockholders Agreement.” In addition, following the consummation of this offering, we will be a “controlled company” within the meaning of the New York Stock Exchange rules and, as a result, currently intend to rely on exemptions from certain corporate governance requirements. The concentrated holdings of funds affiliated with Carlyle, certain provisions of the amended and restated stockholders agreement to be entered into prior to the completion of this offering and the presence of Carlyle’s nominees on our Board may result in a delay or the deterrence of possible changes in control of our company, which may reduce the market price of our common stock. The interests of Carlyle may not always coincide with the interests of the other holders of our common stock.

Carlyle is in the business of making investments in companies, and may from time to time in the future acquire controlling interests in businesses engaged in management and technology consulting that complement or directly or indirectly compete with certain portions of our business. If Carlyle pursues such acquisitions in our industry, those acquisition opportunities may not be available to us. In addition, to the extent that Carlyle acquires a controlling interest in one or more companies that provide services or products to the U.S. government, our affiliation with any such company through Carlyle could create organizational conflicts of interest and similar issues for us under federal procurement laws and regulations. See “— Risk Related to Our Business — Recent efforts by the U.S. government to revise its organizational conflicts of interest rules could limit our ability to successfully compete for new contracts or task orders, which would adversely affect our results of operations.” We urge you to read the discussions under the headings “Certain Relationships and Related Party Transactions” and “Security Ownership of Certain Beneficial Owners and Management” for further information about the equity interests held by Carlyle and members of our senior management.

Investors in this offering will experience immediate dilution in net tangible book value per share.

The initial public offering price per share will significantly exceed the net tangible book value per share of our common stock. As a result, investors in this offering will experience immediate dilution of \$ _____ in net tangible book value per share based on an initial public offering price of \$ _____, which is the midpoint of the price range set forth on the cover page of this prospectus. This dilution occurs in large part because our earlier investors paid substantially less than the initial public offering price when they purchased their shares. Investors in this offering may also experience additional dilution as a result of shares of Class A common stock that may be issued in connection with a future acquisition. Accordingly, in the event that we are liquidated, investors may not receive the full amount or any of their investment.

Our financial results may vary significantly from period to period as a result of a number of factors many of which are outside our control, which could cause the market price of our Class A common stock to decline.

Our financial results may vary significantly from period to period in the future as a result of many external factors that are outside of our control. Factors that may affect our financial results include those listed in this “Risk Factors” section and others such as:

- any cause of reduction or delay in U.S. government funding (e.g., changes in presidential administrations that delay timing of procurements);
- fluctuations in revenue earned on existing contracts;
- commencement, completion or termination of contracts during a particular period;
- a potential decline in our overall profit margins if our other direct costs and subcontract revenue grow at a faster rate than labor-related revenue;
- strategic decisions by us or our competitors, such as changes to business strategy, strategic investments, acquisitions, divestitures, spin offs and joint ventures;
- a change in our contract mix to less profitable contracts;

- changes in policy or budgetary measures that adversely affect U.S. government contracts in general;
- variable purchasing patterns under U.S. government GSA schedules, blanket purchase agreements, which are agreements that fulfill repetitive needs under GSA schedules, and ID/IQ contracts;
- changes in demand for our services and solutions;
- fluctuations in our staff utilization rates;
- seasonality associated with the U.S. government's fiscal year;
- an inability to utilize existing or future tax benefits, including those related to our NOLs or stock-based compensation expense, for any reason, including a change in law;
- alterations to contract requirements; and
- adverse judgments or settlements in legal disputes.

A decline in the price of our Class A common stock due to any one or more of these factors could cause the value of your investment to decline.

A majority of our outstanding indebtedness is secured by substantially all of our consolidated assets. As a result of these security interests, such assets would only be available to satisfy claims of our general creditors or to holders of our equity securities if we were to become insolvent to the extent the value of such assets exceeded the amount of our indebtedness and other obligations. In addition, the existence of these security interests may adversely affect our financial flexibility.

Indebtedness under our senior credit facilities is secured by a lien on substantially all of our assets. Accordingly, if an event of default were to occur under our senior credit facilities, the senior secured lenders under such facilities would have a prior right to our assets, to the exclusion of our general creditors in the event of our bankruptcy, insolvency, liquidation or reorganization. In that event, our assets would first be used to repay in full all indebtedness and other obligations secured by them (including all amounts outstanding under our senior credit facilities), resulting in all or a portion of our assets being unavailable to satisfy the claims of our unsecured indebtedness. Only after satisfying the claims of our unsecured creditors and our subsidiaries' unsecured creditors would any amount be available for our equity holders. The pledge of these assets and other restrictions may limit our flexibility in raising capital for other purposes. Because substantially all of our assets are pledged under these financing arrangements, our ability to incur additional secured indebtedness or to sell or dispose of assets to raise capital may be impaired, which could have an adverse effect on our financial flexibility. As of June 30, 2010, we had \$1,018.6 million of indebtedness outstanding under our senior credit facilities and had \$222.4 million of capacity available for additional borrowings under the revolving portion of our senior credit facilities (excluding the \$21.3 million commitment by the successor entity to Lehman Brothers Commercial Bank). In addition, we may, at our option and subject to certain closing conditions including pro forma compliance with financial covenants, increase the senior credit facilities without the consent of any person other than the institutions agreeing to provide all or any portion of such increase, in an amount not to exceed \$100.0 million. See "Description of Certain Indebtedness — Senior Credit Facilities — Guarantees; Security."

Our Class A common stock has no prior public market, and our stock price could be volatile and could decline after this offering.

Before this offering, our Class A common stock had no public market. We will negotiate the initial public offering price per share with the representatives of the underwriters and, therefore, that price may not be indicative of the market price of our common stock after the offering. We cannot assure you that an active public market for our Class A common stock will develop after this offering or if it does develop, it may not be sustained. In the absence of a public trading market, you may not be able to liquidate your investment in our common stock. In addition, the market price of our common stock could be subject to significant fluctuations after this offering. Among the factors that could affect our stock price are:

- quarterly variations in our operating results;

- changes in contract revenue and earnings estimates or publication of research reports by analysts;
- speculation in the press or investment community;
- investor perception of us and our industry;
- strategic actions by us or our competitors, such as significant contracts, acquisitions or restructurings;
- actions by institutional stockholders or other large stockholders, including future sales;
- our relationship with U.S. government agencies;
- changes in U.S. government spending;
- changes in accounting principles; and
- general economic market conditions.

In particular, we cannot assure you that you will be able to resell your shares at or above the initial public offering price. The stock markets have experienced extreme volatility in recent years that has been unrelated to the operating performance of particular companies. These broad market fluctuations may adversely affect the trading price of our Class A common stock. In the past, following periods of volatility in the market price of a company's securities, class action litigation has often been instituted against the company. Any litigation of this type brought against us could result in substantial costs and a diversion of our management's attention and resources, which would harm our business, operating results and financial condition.

Fulfilling our obligations incident to being a public company, including with respect to the requirements of and related rules under the Sarbanes Oxley Act of 2002, will be expensive and time consuming and any delays or difficulty in satisfying these obligations could have a material adverse effect on our future results of operations and our stock price.

As a private company, we have not been subject to the requirements of the Sarbanes-Oxley Act of 2002. As a public company, the Sarbanes-Oxley Act of 2002 and the related rules and regulations of the Securities and Exchange Commission, or the SEC, as well as the New York Stock Exchange rules, will require us to implement additional corporate governance practices and adhere to a variety of reporting requirements and complex accounting rules. Compliance with these public company obligations will require us to devote significant management time and will place significant additional demands on our finance and accounting staff and on our financial, accounting and information systems. We expect to hire additional accounting and financial staff with appropriate public company reporting experience and technical accounting knowledge. Other expenses associated with being a public company include increased auditing, accounting and legal fees and expenses, investor relations expenses, increased directors' fees and director and officer liability insurance costs, registrar and transfer agent fees, listing fees, as well as other expenses.

In particular, upon completion of this offering, the Sarbanes-Oxley Act of 2002 will require us to document and test the effectiveness of our internal control over financial reporting in accordance with an established internal control framework, and to report on our conclusions as to the effectiveness of our internal controls. It will also require an independent registered public accounting firm to test our internal control over financial reporting and report on the effectiveness of such controls for fiscal 2012 and subsequent years. In addition, upon completion of this offering, we will be required under the Securities Exchange Act of 1934, as amended, or the Exchange Act, to maintain disclosure controls and procedures and internal control over financial reporting. Any failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm our operating results or cause us to fail to meet our reporting obligations. If we are unable to conclude that we have effective internal control over financial reporting, or if our independent registered public accounting firm is unable to provide us with an unqualified report regarding the effectiveness of our internal control over financial reporting as of March 31, 2012 and in future periods, investors could lose confidence in the reliability of our financial statements. This could result in a decrease in the value of our common stock. Failure to comply with the Sarbanes-Oxley Act of 2002 could potentially subject us to sanctions or investigations by the SEC, the New York Stock Exchange, or other regulatory authorities.

Provisions in our organizational documents and in the Delaware General Corporation Law may prevent takeover attempts that could be beneficial to our stockholders.

We have, and intend to include, effective as of the consummation of the offering, a number of provisions in our certificate of incorporation and bylaws that may have the effect of delaying, deterring, preventing or rendering more difficult a change in control of Booz Allen Holding that our stockholders might consider in their best interests. These provisions include:

- establishment of a classified Board, with staggered terms;
- granting to the Board the sole power to set the number of directors and to fill any vacancy on the Board;
- limitations on the ability of stockholders to remove directors if a “group,” as defined under Section 13(d)(3) of the Exchange Act, ceases to own more than 50% of our voting common stock;
- granting to the Board the ability to designate and issue one or more series of preferred stock without stockholder approval, the terms of which may be determined at the sole discretion of the Board;
- a prohibition on stockholders from calling special meetings of stockholders;
- the establishment of advance notice requirements for stockholder proposals and nominations for election to the Board at stockholder meetings;
- requiring approval of two-thirds of stockholders to amend the bylaws; and
- prohibiting our stockholders from acting by written consent if a “group” ceases to own more than 50% of our voting common stock.

These provisions may prevent our stockholders from receiving the benefit from any premium to the market price of our common stock offered by a bidder in a takeover context. Even in the absence of a takeover attempt, the existence of these provisions may adversely affect the prevailing market price of our common stock if the provisions are viewed as discouraging takeover attempts in the future. In addition, we expect to opt out of Section 203 of the Delaware General Corporation Law, which would have otherwise imposed additional requirements regarding mergers and other business combinations, until Coinvest and its affiliates no longer own more than 20% of our Class A common stock. After such time, we will be governed by Section 203.

Our amended and restated certificate of incorporation and amended and restated by-laws may also make it difficult for stockholders to replace or remove our management. These provisions may facilitate management entrenchment that may delay, deter, render more difficult or prevent a change in our control, which may not be in the best interests of our stockholders.

See “Description of Capital Stock” for additional information on the anti-takeover measures applicable to us.

Sales of outstanding shares of our common stock into the market in the future could cause the market price of our common stock to drop significantly.

Immediately following this offering, Carlyle will own _____ shares of our Class A common stock, or _____ % of our outstanding Class A common stock. If the underwriters exercise their overallocation option in full, Carlyle will own _____ % of our outstanding Class A common stock. If Carlyle sells, or the market perceives that Carlyle intends to sell, a substantial portion of its beneficial ownership interest in us in the public market, the market price of our Class A common stock could decline significantly. The sales also could make it more difficult for us to sell equity or equity-related securities at a time and price that we deem appropriate.

After this offering, _____ shares of our Class A common stock will be outstanding. Of these shares, _____ shares of our Class A common stock sold in this offering will be freely tradable, without restriction, in the public market unless purchased by our “affiliates” (as that term is defined by Rule 144 under the Securities Act of 1933, or Securities Act) and all of the remaining shares of Class A common stock, as well as outstanding shares of our Class B non-voting common stock, Class C restricted common stock and Class E

special voting common stock, subject to certain exceptions, will be subject to a 180-day lock-up by virtue of either contractual lock-up agreements or pursuant to the terms of the amended and restated stockholders agreement. Morgan Stanley & Co. Incorporated and Barclays Capital Inc. may, in their discretion, permit our directors, officers and current stockholders who are subject to these lock-ups to sell shares prior to the expiration of the 180-day lock-up period. In addition, any Class A common stock purchased by participants in our directed share program pursuant to which the underwriters have reserved, at our request, up to 10% of the Class A common stock offered by this prospectus for sale to certain of our senior personnel and individuals employed by or associated with our affiliates, will be subject to a 180-day lock-up restriction. See “Shares of Common Stock Eligible for Future Sale — Lock-Up Agreements.” After the lock-up agreements pertaining to this offering expire, up to an additional _____ shares of our Class A common stock will be eligible for sale in the public market, all of which are held by directors, executive officers and other affiliates and will be subject to volume and holding period limitations under Rule 144 under the Securities Act. The remaining _____ shares of Class A common stock outstanding will be restricted securities within the meaning of Rule 144 under the Securities Act, but will be eligible for resale subject to applicable volume, manner of sale, holding period and other limitations of Rule 144 or pursuant to an exemption from registration under Rule 701 under the Securities Act. After the lock-up agreements relating to this offering expire, _____ shares of our Class A common stock will be issuable upon (1) transfer of our Class B non-voting common stock and Class C restricted common stock and (2) the exercise of outstanding stock options relating to our outstanding Class E special voting common stock. In addition, the _____ shares of our Class A common stock underlying options that are either subject to the terms of our Equity Incentive Plan or reserved for future issuance under our Equity Incentive Plan will become eligible for sale in the public market to the extent permitted by the provisions of various option agreements, the lock-up agreements and Rules 144 and 701 under the Securities Act to the extent such shares are not otherwise registered for sale under the Securities Act. If these additional shares are sold, or if it is perceived that they will be sold, in the public market, the price of our common stock could decline substantially. _____ of the options granted under our Officers’ Rollover Stock Plan and Equity Incentive Plan will become exercisable on June 30, 2011 and the shares of common stock underlying such options issued upon exercise thereof will be freely transferable upon issuance. For additional information, see “Shares of Common Stock Eligible for Future Sale.”

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus, including the sections entitled “Prospectus Summary,” “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Business,” contains forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as “may,” “will,” “could,” “should,” “expects,” “intends,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “potential,” “continue,” or the negative of these terms or other comparable terminology. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we can give you no assurance these expectations will prove to have been correct. These forward-looking statements relate to future events or our future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to differ materially from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. These risks and other factors include:

- any issue that compromises our relationships with the U.S. government or damages our professional reputation;
- changes in U.S. government spending and mission priorities that shift expenditures away from agencies or programs that we support;
- the size of our addressable markets and the amount of U.S. government spending on private contractors;
- failure to comply with numerous laws and regulations;
- our ability to compete effectively in the competitive bidding process and delays caused by competitors’ protests of major contract awards received by us;
- the loss of GSA schedules or our position as prime contractor on GWACs;
- changes in the mix of our contracts and our ability to accurately estimate or otherwise recover expenses, time and resources for our contracts;
- our ability to generate revenue under certain of our contracts and our ability to realize the full value of our backlog;
- changes in estimates used in recognizing revenue;
- any inability to attract, train or retain employees with the requisite skills, experience and security clearances;
- an inability to hire enough employees to service our clients under existing contracts;
- an inability to effectively utilize our employees and professionals;
- failure by us or our employees to obtain and maintain necessary security clearances;
- the loss of members of senior management or failure to develop new leaders;
- misconduct or other improper activities from our employees or subcontractors;
- increased competition from other companies in our industry;
- failure to maintain strong relationships with other contractors;
- inherent uncertainties and potential adverse developments in legal proceedings, including litigation, audits, reviews and investigations, which may result in materially adverse judgments, settlements or other unfavorable outcomes;
- internal system or service failures and security breaches;
- risks related to our indebtedness and credit facilities which contain financial and operating covenants;

- the adoption by the U.S. government of new laws, rules and regulations, such as those relating to organizational conflicts of interest issues;
- an inability to utilize existing or future tax benefits, including those related to our NOLs and stock-based compensation expense, for any reason, including a change in law;
- variable purchasing patterns under U.S. government GSA schedules, blanket purchase agreements and ID/IQ contracts; and
- other risks and factors listed under “Risk Factors” and elsewhere in this prospectus.

In light of these risks, uncertainties and other factors, the forward-looking statements contained in this prospectus might not prove to be accurate and you should not place undue reliance upon them. All forward-looking statements speak only as of the date made and we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

USE OF PROCEEDS

We estimate that the net proceeds from the sale of shares of our Class A common stock being offered by us pursuant to this prospectus at an assumed initial offering price of \$ per share, the midpoint of the range set forth on the cover page of this prospectus, will be approximately \$ million, after deducting estimated underwriting discounts, commissions and estimated offering expenses payable by us.

We intend to use the net proceeds we receive from the sale of our Class A common stock to repay \$ million of our mezzanine credit facility and pay a \$ prepayment penalty related to our repayment under our mezzanine credit facility. Our mezzanine credit facility was entered into in connection with the acquisition and amended in connection with the recapitalization transaction. Our mezzanine credit facility consists of a term loan facility in an aggregate principal amount of up to \$550.0 million that matures on July 31, 2016. On July 31, 2008, we borrowed \$550.0 million under our mezzanine credit facility. As of June 30, 2010, borrowings under our mezzanine credit facility bore an interest rate at 13%. Certain of the underwriters of this offering or their affiliates are lenders under our mezzanine credit facility. Accordingly, certain of the underwriters will receive net proceeds from this offering in connection with the repayment of our mezzanine credit facility. See "Underwriting."

A \$1.00 increase (decrease) in the assumed initial public offering price of \$ per share would increase (decrease) the net proceeds to us from this offering by \$, assuming the number of shares offered by us remains the same and after deducting estimated underwriting discounts and commission and estimated offering expenses payable by us. We may also increase or decrease the number of shares we are offering. Each increase (decrease) of 1.0 million shares in the number of shares offered by us, assuming the offering price remains the same, would increase (decrease) net proceeds to us from this offering by \$ million, after deducting estimated underwriting discounts and commission and estimated offering expenses payable by us. The information discussed above is illustrative only and will adjust based on the actual public offering price and other terms of this offering determined at pricing.

DIVIDEND POLICY

We do not currently expect to declare or pay dividends on our Class A common stock for the foreseeable future. Instead, we anticipate that all of our earnings in the foreseeable future will be used for the operation and growth of our business. Our ability to pay dividends to holders of our Class A common stock is limited by covenants in the credit agreements governing our senior credit facilities and our mezzanine credit facility. Any future determination to pay dividends on our Class A common stock is subject to the discretion of our Board and will depend upon various factors then existing, including our results of operations, financial condition, liquidity requirements, restrictions that may be imposed by applicable laws and our contracts, as well as economic and other factors deemed relevant by our Board. To the extent that the Board declares any future dividends, holders of Class A common stock, Class B non-voting common stock, and Class C restricted common stock will share the dividend payment equally.

On July 27, 2009, we declared a special cash dividend on all issued and outstanding shares of Class A common stock, Class B non-voting common stock, and Class C restricted common stock in the aggregate amount of \$114.9 million payable to holders of record as of July 29, 2009. On December 7, 2009, we declared another special cash dividend on all issued and outstanding shares to the same equity classes described above in the aggregate amount of \$497.5 million payable to the holders of record as of December 8, 2009. Of these amounts, approximately \$548.1 million was paid to Coinvest according to its ownership of our Class A common stock. See "The Acquisition and Recapitalization Transaction." We do not currently intend to declare or pay any similar special dividends in the foreseeable future.

CAPITALIZATION

The following table sets forth our capitalization on a consolidated basis as of June 30, 2010:

- on an actual basis;
- on a pro forma basis to give effect to the repayment of \$85.0 million of indebtedness under our mezzanine credit facility on August 2, 2010 and the payment of the related prepayment penalty of \$2.6 million; and
- on a pro forma as adjusted basis to give effect to (i) the sale by us of shares of our Class A common stock in this offering at the initial public offering price of \$ per share (and after deducting estimated underwriting discounts and commissions and offering expenses payable by us) and the use of the net proceeds therefrom as described in “Use of Proceeds” and (ii) the repayment of \$85.0 million of indebtedness under our mezzanine credit facility on August 2, 2010 and the payment of the related prepayment penalty of \$2.6 million.

The table below excludes the Class D merger rolling common stock, par value \$0.01, and the Class F non-voting restricted common stock, par value \$0.01, each of which had 600,000 authorized shares and no shares issued and outstanding as of June 30, 2010. Our amended and restated certificate of incorporation, which will become effective prior to the completion of this offering, will eliminate the Class D merger rolling common stock and the Class F non-voting restricted common stock.

You should read this table in conjunction with the sections of this prospectus entitled “Selected Historical Consolidated Financial and Other Data,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Description of Certain Indebtedness” and our consolidated financial statements and related notes included elsewhere in this prospectus.

	As of June 30, 2010		
	Actual	Pro Forma (Unaudited)	Pro Forma as Adjusted (Unaudited)
	(In thousands, except share and per share amounts)		
Cash and cash equivalents	\$ 300,611		\$
Debt(1)(2)	\$ 1,643,913		\$
Stockholders’ equity:			
Class A common stock, par value \$0.01 per share: (i) Actual and Pro Forma: 16,000,000 shares authorized and 10,266,161 shares issued and outstanding and (ii) Pro Forma as Adjusted: shares authorized and shares issued and outstanding	\$ 103		\$
Class B non-voting common stock, par value \$0.01 per share: (i) Actual and Pro Forma: 16,000,000 shares authorized and 305,313 shares issued and outstanding and (ii) Pro Forma as Adjusted: shares authorized and shares issued and outstanding	3		
Class C restricted common stock, par value \$0.01 per share: (i) Actual and Pro Forma: 600,000 shares authorized and 202,827 shares issued and outstanding and (ii) Pro Forma as Adjusted: shares authorized and shares issued and outstanding	2		
Class E special voting common stock, par value \$0.03 per share: (i) Actual and Pro Forma: 2,500,000 shares authorized and 1,404,881 shares issued and outstanding and (ii) Pro Forma as Adjusted: shares authorized and shares issued and outstanding	42		
Preferred Stock, par value \$0.01 per share: (i) Actual and Pro Forma: 600,000 shares authorized and no shares issued and outstanding and (ii) Pro Forma as Adjusted: shares authorized and no shares issued and outstanding	—		
Additional paid-in capital(3)	541,457		
Retained earnings(2)	14,805		
Accumulated other comprehensive income (loss)	(3,736)		
Total stockholders’ equity(3)	\$ 552,676		\$
Total capitalization(3)	\$ 2,196,589		\$

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- (1) Debt reflects (i) long-term debt of \$1,542.1 million, (ii) current portion of long-term debt of \$21.9 million and (iii) the deferred payment obligation of \$80.0 million.

Long-term debt, net of current portion includes borrowings under our senior credit facilities and our mezzanine credit facility. For a description of these facilities, see "Description of Certain Indebtedness." Loans under our senior credit facilities and our mezzanine credit facility were issued with original issue discount and are presented net of unamortized discount of \$18.5 million as of June 30, 2010.

The \$80.0 million deferred payment obligation is comprised of a \$16.6 million deferred payment obligation balance as of June 30, 2010, and contingent tax claims in the amount of \$63.4 million related to the deferred payment obligation, but does not include \$4.4 million of accrued interest related to the deferred payment obligation. See "The Acquisition and Recapitalization Transaction — The Acquisition — The Merger."

- (2) Pro forma debt and retained earnings also reflects the impact of charges for acceleration of original issue discount and the write-off of a portion of deferred financing costs related to the repayment of \$85.0 million of indebtedness under our mezzanine credit facility on August 2, 2010.

Pro forma as adjusted debt and retained earnings also reflects the impact of charges for acceleration of original issue discount and the write-off of certain deferred financing costs related to (i) the repayment of \$85.0 million of indebtedness under our mezzanine credit facility on August 2, 2010 and (ii) the use of net proceeds from the sale of _____ shares of our Class A common stock in this offering at an assumed offering price of \$ _____, the midpoint of the range set forth on the cover page of this prospectus, to repay borrowings under our mezzanine credit facility.

- (3) A \$1.00 increase (decrease) in the assumed initial public offering price of \$ _____ per share would increase (decrease) each of additional paid-in capital, total stockholders' equity and total capitalization by \$ _____, assuming the number of shares offered by us remains the same and after deducting estimated underwriting discounts and commission and estimated offering expenses payable by us. We may also increase or decrease the number of shares we are offering. Each increase (decrease) of 1.0 million shares in the number of shares offered by us, assuming the offering price remains the same, would increase (decrease) the pro forma as adjusted amount of each of additional paid-in capital, total stockholders' equity and total capitalization by approximately \$ _____ million. The pro forma as adjusted information discussed above is illustrative only and will adjust based on the actual public offering price and other terms of this offering determined at pricing.

DILUTION

If you invest in our Class A common stock, your interest will be diluted to the extent of the difference between the initial public offering price per share of our Class A common stock and the adjusted net tangible book value per share of our Class A common stock, Class B non-voting common stock and Class C restricted common stock immediately after this offering.

Net tangible book value (deficit) per share represents the amount of total book value of our total tangible assets less our total liabilities divided by the number of shares of our Class A common stock then outstanding. The net tangible book value of our Class A common stock, Class B non-voting common stock and Class C restricted common stock as of June 30, 2010 was a deficit of \$ million, or approximately \$ per share.

After giving effect to the issuance and sale of shares of our Class A common stock offered by us at the initial public offering price of \$, which is the midpoint of the range set forth on the cover page of this prospectus, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us, our pro forma net tangible book value of our Class A common stock, Class B non-voting common stock and Class C restricted common stock after this offering would have been approximately \$ million, or approximately \$ per share. This represents an immediate increase in net tangible book value (deficit) of approximately \$ per share to existing stockholders and an immediate dilution of approximately \$ per share to new investors purchasing shares in this offering.

A \$1.00 increase (decrease) in the assumed initial public offering price of \$ per share, the midpoint of the range set forth on the cover of this prospectus, would increase (decrease) our adjusted net tangible book value after this offering by \$ and increase (decrease) the dilution to new investors purchasing shares in this offering by \$ per share, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and estimated expenses payable by us. We may also increase or decrease the number of shares we are offering. Each increase (decrease) of 1.0 million shares in the number of shares offered by us, assuming the offering price remains the same, would increase (decrease) the dilution to new investors purchasing shares in this offering by \$ per share. The information discussed above is illustrative only and will adjust based on the actual public offering price and other terms of this offering determined at pricing.

The following table illustrates this per share dilution:

	<u>Per Share</u>
Initial public offering price	
Net tangible book value (deficit) as of June 30, 2010	
Increase attributable to this offering	
Pro forma net tangible book value (deficit), as adjusted to give effect to this offering	
Dilution in pro forma net tangible book value to new investors in this offering	

The following table summarizes, as of June 30, 2010, the total number of shares of Class A common stock purchased from us, the total consideration paid to us, and the weighted average price per share paid to us, by our existing stockholders and by the investors purchasing shares of Class A common stock in this offering at our assumed initial public offering price of \$ per share, which is the midpoint of the range set forth on the cover page of this prospectus.

	Shares Purchased		Total Consideration		Weighted Average Price per Share
	Number	Percent	Amount	Percent	
Existing stockholders					
New investors					
Total		100%		100%	

(In thousands, other than shares and percentages)

The foregoing discussion and tables give effect to the issuance of our Class A common stock upon exercise of all outstanding stock options held by directors and officers as of June 30, 2010 and the conversion of our Class B non-voting common stock and Class C restricted common stock into Class A common stock. As of June 30, 2010, there were 305,313 shares (excluding fractional shares which will be redeemed for cash) and 202,827 shares, respectively, of our Class A common stock at a weighted average exercise price of \$ per share and \$ per share, respectively. As of June 30, 2010, there were 305,313 shares issued and outstanding and 202,827 shares issued and outstanding of Class B non-voting common stock and Class C restricted common stock, respectively.

In addition, we may choose to raise additional capital due to market conditions or strategic considerations even if we believe we have sufficient funds for our current or future operating plans. To the extent that additional capital is raised through the sale of equity or convertible debt securities, the issuance of such securities could result in further dilution to our stockholders.

THE ACQUISITION AND RECAPITALIZATION TRANSACTION

The Acquisition

On July 31, 2008, or the Closing Date, Booz Allen Hamilton completed the separation of its U.S. government consulting business from its commercial and international consulting business, the spin off of the commercial and international business, and the sale of 100% of its outstanding common stock to Booz Allen Holding, which was majority owned by Carlyle. Our company is a corporation that is the successor to the government business of Booz Allen Hamilton following the separation.

The separation of the commercial and international business from the government business was accomplished pursuant to a series of transactions under the terms of a spin off agreement, dated as of May 15, 2008, by and among Booz Allen Hamilton and Booz & Company, or Spin Co., and certain of its subsidiaries. As a result of the spin off and related transactions, former stockholders of Booz Allen Hamilton that had been engaged in the commercial and international business, or the commercial partners, became the owners of Spin Co., which held the commercial and international business. The spin off agreement contains a three-year non-compete provision, ending July 31, 2011, during which both Spin Co. and Booz Allen Hamilton are prohibited, with certain exceptions, from engaging in business in the other company's principal markets.

Following the spin off, Booz Allen Hamilton was indirectly acquired by Carlyle pursuant to an Agreement and Plan of Merger, dated as of May 15, 2008, and subsequently amended, by and among Booz Allen Hamilton, Booz Allen Holding (formerly known as Explorer Holding Corporation), which was majority owned by Carlyle, Booz Allen Investor (formerly known as Explorer Investor Corporation), a wholly owned subsidiary of Booz Allen Holding, Explorer Merger Sub Corporation, a wholly-owned subsidiary of Booz Allen Investor, and Spin Co. Under the terms of the merger agreement, the acquisition of Booz Allen Hamilton was achieved through the merger of Explorer Merger Sub Corporation into Booz Allen Hamilton, with Booz Allen Hamilton as the surviving corporation. As a result of the merger, Booz Allen Hamilton became a direct subsidiary of Booz Allen Investor and an indirect wholly-owned subsidiary of Booz Allen Holding.

The Merger

Booz Allen Investor and its affiliates paid the purchase price (subject to adjustments for transaction expenses, indebtedness, fluctuations in working capital and other items) in consideration for the government business through current and deferred cash payments, stock and options in Booz Allen Holding exchanged for Booz Allen Hamilton stock and options, and the assumption or payment by Booz Allen Investor of certain indebtedness.

The Booz Allen Hamilton partners working in the government business, or the government partners, were required to exchange a portion of their stock and options in Booz Allen Hamilton for stock and options in Booz Allen Holding, and the commercial partners were able to exchange a portion of their stock in Booz Allen Hamilton for non-voting stock in Booz Allen Holding. These exchanges were completed on July 30, 2008, and as a result, the government partners and commercial partners held 19% and 2%, respectively, of the common stock of Booz Allen Holding on the Closing Date, with Carlyle, through Coinvest, beneficially owning the remainder.

All of the remaining stock of Booz Allen Hamilton outstanding immediately prior to the merger (other than the stock of Booz Allen Hamilton held by Booz Allen Holding as a result of the exchanges described above) was converted into the right to receive the cash portion of the purchase price. Subject to the escrows and the deferred payment described below, the cash portion of the purchase price was distributed to the government partners and the commercial partners shortly after the merger.

The purchase price consideration of \$1,828.0 million was comprised of the following significant components: \$1,625.9 million paid to shareholders in cash, transaction costs of \$24.0 million, fair value of stock options granted under our Officers' Rollover Stock Plan of \$79.7 million, and fair value of our deferred payment obligation of \$98.4 million.

The payment of \$158.0 million of the cash consideration to the government partners and the commercial partners was structured as a deferred payment obligation of Booz Allen Investor to such partners and Booz Allen Investor is obligated to pay this amount (plus interest at a rate of 5% per six months) to the partners, on a pro rata basis, 8^{1/2} years after the consummation of the merger or, in certain circumstances, earlier. A total of \$78.0 million of the deferred payment obligation, plus \$22.4 million of accrued interest, was repaid on December 11, 2009. See “— Recapitalization Transaction.” As of June 30, 2010, up to \$80.0 million of the deferred payment obligation may be reduced to offset any claims under the indemnification provisions of the merger agreement described below.

On the Closing Date, \$90.0 million of the cash consideration was deposited into escrow to fund certain purchase price adjustments, future indemnification claims under the merger agreement and for certain other adjustments. As of June 30, 2010 of the \$90.0 million placed in escrow, approximately \$33.8 million, which includes accrued interest, remains in escrow to cover indemnification claims relating to losses that may be incurred from outstanding litigation associated with the merger and certain outstanding pre-closing tax claims and certain claims that may arise with respect to certain pre-closing matters including taxes or government contracts.

Financing of the Merger

To fund the aggregate consideration for the acquisition, to repay certain indebtedness in connection with the acquisition and to provide working capital, Booz Allen Investor and Booz Allen Hamilton entered into a series of financing transactions, which included:

- entry into our senior credit facilities, and the incurrence of \$125.0 million of term loans under the Tranche A term facility of the senior credit facilities and \$585.0 million under the Tranche B term facility under our senior credit facilities;
- entry into our mezzanine credit facility, and the incurrence of \$550.0 million of term loans thereunder; and
- an equity contribution from Coinvest of approximately \$956.5 million.

Indemnification Under the Merger Agreement

From and after the Closing Date, Booz Allen Holding and its subsidiaries (including Booz Allen Hamilton) are indemnified under the merger agreement against losses arising from (a) breach of certain representations and warranties regarding Booz Allen Hamilton’s capitalization, corporate authorization, financial statements, internal accounting controls, employee benefits, and DCAA audits and similar government contracts investigations and claims, (b) the failure of the sellers to perform certain covenants and agreements in the merger agreement and the spin off agreement, (c) the failure to assume and satisfy amounts owed under the spin off agreement or certain ancillary agreements if and to the extent that Spin Co. is insolvent or bankrupt, and (d) any restructuring costs of Booz Allen Hamilton related to the termination of transition services to Spin Co. after the Closing Date. In addition, the merger agreement provides Booz Allen Holding and its subsidiaries (including Booz Allen Hamilton) with indemnification for (i) certain pre-closing taxes and (ii) the amount of certain compensation deductions resulting from any Booz Allen Hamilton options exercised after the signing of the merger agreement and prior to July 30, 2008. These indemnification rights are subject to the various limitations, including time and dollar amounts, and the sole recourse of Booz Allen Holding and its subsidiaries with respect to any indemnification amounts owed to them under the merger agreement are the escrow funds available for indemnification and offset against Booz Allen Investor’s obligation to pay a portion of the deferred payment obligation.

Spin Off Agreement

In addition to governing the split of the commercial and international business from the government business, the spin off agreement sets forth certain restrictions and guidelines for the interaction and operation of the government business and the commercial and international business after the Closing Date, including,

- for a period of three years following the Closing Date (subject to certain exceptions), Spin Co. agreed that it and its subsidiaries would not (i) provide, sell, or offer to sell or advertise certain types of consulting services provided by the government business, (ii) assist, advise, engage or participate in providing such services to certain scheduled competitors of Booz Allen Hamilton, (iii) have certain interests in such competitors, (iv) knowingly permit its names to be used by such competitors in connection with providing any services other than permitted services or (v) provide any services of any type to a scheduled list of direct competitors or their subsidiaries or successors;
- for a period of three years following the Closing Date (subject to certain exceptions), Booz Allen Hamilton agreed that it and its subsidiaries would not (i) provide, sell, or offer to sell or advertise any services other than certain types of consulting services (including cyber-security services) provided by the government business, (ii) assist or advise certain scheduled competitors of Spin Co. in providing services other than such consulting services provided by the government business, (iii) have certain interests in such competitors, or (iv) knowingly permit its names to be used by such competitors in connection with providing any services other than such consulting services provided by the government business;
- for a period of three years following the Closing Date, Booz Allen Hamilton and Spin Co. agreed not to solicit or attempt to solicit any client or business relation of the other party to cease or adversely change their business relationship with the other party or its subsidiaries;
- for a period of three years following the Closing Date, Booz Allen Hamilton and Spin Co. agreed not to hire or attempt to hire any person who was at Closing an officer, director, employee, consultant or agent of the other party (subject to certain exceptions);
- until the earlier of the fifth anniversary of the Closing Date or a change in control of the other party, Booz Allen Hamilton and Spin Co. agreed that they and their subsidiaries would not, in the case of Spin Co., hire or attempt to hire any person who was or is a stockholder of Booz Allen Hamilton (other than a commercial partner); and in the case of Booz Allen Hamilton, hire or attempt to hire any person who was, on or prior to the Closing Date, a commercial partner, or is then, a stockholder of Spin Co. (subject to certain exceptions); and
- for a period of three years following the Closing Date, Spin Co. agreed that it and its subsidiaries would not directly or indirectly acquire a competitor of Booz Allen Hamilton.

Indemnification under the Spin Off Agreement

Under the Spin Off Agreement, Booz Allen Hamilton has agreed to indemnify Spin Co. from all losses arising out of breaches of the Spin Off Agreement or certain related agreements, certain employee benefit matters, and for liabilities and obligations arising out of the government business, and Spin Co. has agreed to indemnify Booz Allen Hamilton from all losses arising out of breaches of the Spin Off Agreement or certain related agreements, certain employee benefit matters, and for liabilities and obligations arising out of the commercial and international business. Spin Co. has also agreed to indemnify Booz Allen Hamilton for increases in pre-closing taxes if a majority of Spin Co.'s shares or a majority of its assets are sold to a third party within three years of the Closing Date at a price in excess of the allocable portion of the agreed-upon fair market value of the Spin Co. shares and a taxing authority successfully asserts that the fair market value of such shares at the time of the spin off was in excess of the agreed-upon fair market value. Furthermore, each of Spin Co. and Booz Allen Hamilton has generally agreed to indemnify the other from the recapture of dual consolidated losses which result from an action of the indemnifying party or its affiliates.

Recapitalization Transaction

On December 11, 2009, in order to facilitate the payment of a special dividend and the repayment of a portion of the deferred payment obligation, Booz Allen Investor and Booz Allen Hamilton entered into a series of amendments to the credit agreements governing our senior credit facilities and mezzanine credit facility. The credit agreement governing our senior credit facilities was amended to, among other things, add

the Tranche C term facility under our senior credit facilities, increase commitments under the revolving credit facility under our senior credit facilities from \$100.0 million to \$245.0 million, and add a specific exception to the restricted payments covenant to permit the payment of the special dividend. In addition to consenting to such amendments, the lenders under the senior credit facilities also consented to the amendment of the credit agreement governing the mezzanine credit facility discussed below. In exchange for such consents, each consenting lender received a non-refundable cash fee equal to 0.1% of the sum of the aggregate principal amount of such lender's Tranche A and B term loans outstanding and such lender's existing revolving commitment. In addition, each lender providing an increased commitment under the revolving credit facility received a non-refundable cash fee equal to 1.5% of such lender's additional revolving commitment. The credit agreement governing our mezzanine credit facility was amended to, among other things add a specific exception to the restricted payments covenant to permit the payment of the special dividend, to increase the amount of senior credit facilities debt permitted under the debt covenant to permit the incurrence of loans under the Tranche C term facility and the increase in commitments under the revolving credit facility. In addition, the premiums payable upon the prepayment of the loans were increased, and a 1.0% premium was added with respect to payments of the loans at maturity. In exchange for consenting to such amendments, each consenting lender received a non-refundable cash fee equal to 1.0% of the aggregate principal amounts of such lender's outstanding loans. Using cash on hand and \$341.3 million in net proceeds from the increased term loan facility, Booz Allen Hamilton paid a special dividend of \$650.0 million on its common stock, all of which was paid to Booz Allen Investor, its sole stockholder. Booz Allen Investor in turn used the proceeds of the special dividend (i) to repay approximately \$100.4 million of the deferred payment obligation, including \$22.4 million in accrued interest, in accordance with the terms of the merger agreement and (ii) to pay a special dividend of approximately \$549.6 million on its common stock, all of which was paid to Booz Allen Holding, its sole stockholder. Booz Allen Holding in turn declared a special dividend of \$497.5 million payable on its outstanding Class A common stock, Class B non-voting common stock and Class C restricted common stock, approximately \$444.1 million of which was paid to Coinvest and the remainder of which was paid to the other stockholders of Booz Allen Holding. The aforementioned transactions are referred to in this prospectus as the recapitalization transaction.

As required by the Officers' Rollover Stock Plan and the Equity Incentive Plan, the exercise price per share of each outstanding option was reduced in an amount equal to the reduction in the value of the common stock as a result of the dividend. Because the reduction in share value exceeded the exercise price for certain of the options granted under the Officers' Rollover Stock Plan, the exercise price for those options was reduced to the par value of the shares issuable on exercise, and the holders became entitled to receive on the option's fixed exercise date a cash payment equal to the excess of the reduction in share value as a result of the dividend over the reduction in exercise price, subject to vesting of the relation options. As of June 30, 2010, the total obligations for these cash payments was \$54.4 million.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL AND OTHER DATA

The selected consolidated statements of operations data for fiscal 2008, the four months ended July 31, 2008, the eight months ended March 31, 2009 and fiscal 2010, and the selected consolidated balance sheet data as of March 31, 2009 and 2010 have been derived from our audited consolidated financial statements included elsewhere in this prospectus. The selected consolidated balance sheet data as of March 31, 2008 has been derived from audited consolidated financial statements which are not included in this prospectus. The selected consolidated statements of operations data for fiscal 2006 and 2007 and the selected consolidated balance sheet data as of March 31, 2006 and 2007 have been derived from our unaudited consolidated financial statements which are not included in this prospectus. The selected consolidated statements of operations data for the three months ended June 30, 2009 and 2010 and the selected consolidated balance sheet data as of June 30, 2010 have been derived from our unaudited consolidated financial statements included in this prospectus. The unaudited financial statements have been prepared on the same basis as the audited financial statements and, in the opinion of our management, include all adjustments necessary for a fair presentation of the information set forth herein. Our historical results are not necessarily indicative of the results that may be expected for any future period, and the unaudited interim results for the three months ended June 30, 2010 are not necessarily indicative of results that may be expected for fiscal 2011. The selected financial data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes included elsewhere in this prospectus.

As discussed in more detail under "The Acquisition and Recapitalization Transaction," Booz Allen Hamilton was indirectly acquired by Carlyle on July 31, 2008. Immediately prior to the acquisition, Booz Allen Hamilton spun off its commercial and international business and retained its U.S. government business. The accompanying consolidated financial statements are presented for (1) the "Predecessor," which are the financial statements of Booz Allen Hamilton and its consolidated subsidiaries for the period preceding the acquisition, and (2) the "Company," which are the financial statements of Booz Allen Holding and its consolidated subsidiaries for the period following the acquisition. Prior to the acquisition, Booz Allen Hamilton's U.S. government business is presented as the continuing operations of the Predecessor. The Predecessor's consolidated financial statements have been presented for the twelve months ended March 31, 2008 and the four months ended July 31, 2008. The operating results of the commercial and international business that was spun off by Booz Allen Hamilton effective July 31, 2008 have been presented as discontinued operations in the Predecessor consolidated financial statements and the related notes included in this prospectus. The Company's consolidated financial statements for periods subsequent to the acquisition have been presented from August 1, 2008 through March 31, 2009, for the twelve months ended March 31, 2010 and for the three months ended June 30, 2009 and 2010. The Predecessor's financial statements may not necessarily be indicative of the cost structure or results of operations that would have existed if the U.S. government business operated as a stand-alone, independent business. The acquisition was accounted for as a business combination, which resulted in a new basis of accounting. The Predecessor's and the Company's financial statements are not comparable as a result of applying a new basis of accounting. See Notes 1, 4, and 24 to our consolidated financial statements for additional information regarding the accounting treatment of the acquisition and discontinued operations.

Additionally, the results of operations and balance sheet data for fiscal 2006, fiscal 2007, fiscal 2008, the four months ended July 31, 2008, the eight months ended March 31, 2009, the three months ended June 30, 2009 and as of March 31, 2006, 2007, 2008 and 2009 are presented "as adjusted" to reflect the change in accounting principle related to our revenue recognition policies as described in "Management's Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Estimates and Policies."

Included in the table below are unaudited pro forma results of operations for the twelve months ended March 31, 2009, or "pro forma 2009," assuming the acquisition had been completed as of April 1, 2008. The unaudited pro forma condensed consolidated results of operations for fiscal 2009 are based on our historical audited consolidated financial statements included elsewhere in this prospectus, adjusted to give pro forma effect to the acquisition. The unaudited pro forma condensed consolidated results of operations for fiscal 2009 are presented because management believes it provides a meaningful comparison of operating results enabling

twelve months of fiscal 2009, adjusted for the impact of the acquisition, to be compared with fiscal 2010. The unaudited pro forma condensed consolidated financial statements are for informational purposes only and do not purport to represent what our actual results of operations would have been if the acquisition had been completed as of April 1, 2008 or that may be achieved in the future. The unaudited pro forma condensed consolidated financial information and the accompanying notes should be read in conjunction with our historical audited consolidated financial statements and related notes appearing elsewhere in this prospectus and other financial information contained in "Risk Factors," "The Acquisition and Recapitalization Transaction," and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this prospectus. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Results of Operations" for a description of the pro forma adjustments attributable to the acquisition.

	Predecessor				The Company				
	Fiscal Year Ended March 31,			Four Months Ended	Eight Months Ended	Pro Forma Fiscal Year Ended	Fiscal Year Ended	Three Months Ended June 30,	
	2006	2007	2008	July 31,	March 31,	March 31,	March 31,	2009	2010
	(Unaudited) (As adjusted)	(Unaudited) (As adjusted)	(As adjusted)	2008 (As adjusted)	2009 (As adjusted)	2009(1)	2010	(Unaudited) (As adjusted)	2010 (Unaudited)
(In thousands, except share and per share data)									
Consolidated Statement of Operations Data:									
Revenue	\$ 2,902,513	\$ 3,209,211	\$ 3,625,055	\$ 1,409,943	\$ 2,941,275	\$ 4,351,218	\$ 5,122,633	\$ 1,229,459	\$ 1,341,929
Operating costs and expenses:									
Cost of revenue	1,572,817	1,813,295	2,028,848	722,986	1,566,763	2,296,335	2,654,143	638,690	677,095
Billable expenses	820,951	815,421	935,459	401,387	756,933	1,158,320	1,361,229	329,681	356,286
General and administrative expenses	409,576	421,921	474,188	726,929	505,226	723,827	811,944	184,734	200,419
Depreciation and amortization	22,284	27,879	33,079	11,930	79,665	106,335	95,763	24,003	19,384
Total operating costs and expenses	2,825,628	3,078,516	3,471,574	1,863,232	2,908,587	4,284,817	4,923,079	1,177,108	1,253,184
Operating income (loss)	76,885	130,695	153,481	(453,289)	32,688	66,401	199,554	52,351	88,745
Interest income	1,995	2,955	2,442	734	4,578	5,312	1,466	515	312
Interest expense	(966)	(1,481)	(2,319)	(1,044)	(98,068)	(146,803)	(150,734)	(36,371)	(40,353)
Other income (expense), net	392	146	(1,931)	(54)	(128)	(182)	(1,292)	(523)	(619)
Income (loss) from continuing operations and before income taxes	78,306	132,315	151,673	(453,653)	(60,930)	(75,272)	48,994	15,972	48,085
Income tax (benefit) expense from continuing operations	39,399	55,921	62,693	(56,109)	(22,147)	(25,831)	23,575	7,547	19,916
Income (loss) from continuing operations	38,907	76,394	88,980	(397,544)	(38,783)	(49,441)	25,419	8,425	28,169
Loss from discontinued operations	(30,409)	(57,611)	(71,106)	(848,371)	—	—	—	—	—
Net income (loss)	\$ 8,498	\$ 18,783	\$ 17,874	\$ (1,245,915)	\$ (38,783)	\$ (49,441)	\$ 25,419	\$ 8,425	\$ 28,169
Earnings per share from continuing operations(2) (3):									
Basic	\$	\$	\$	\$	\$	\$	\$	\$	\$
Diluted									
Earnings (loss) per share(2)(3):									
Basic	\$	\$	\$	\$	\$	\$	\$	\$	\$
Diluted									
Weighted average common shares outstanding(2) (3):									
Basic									
Diluted									
Cash dividends per share (unaudited)(3)	\$	\$	\$	\$	\$	\$	(4)	\$	\$

	Predecessor			The Company		
	As of March 31,			As of March 31,		As of June 30,
	2006	2007	2008	2009	2010	2010
(Unaudited)	(Unaudited)	(As adjusted)	(As adjusted)			(Unaudited)
	(As adjusted)	(As adjusted)		(As adjusted)		
(In thousands)						
Consolidated Balance Sheet Data:						
Cash and cash equivalents	\$ 31,233	\$ 3,272	\$ 7,123	\$ 420,902	\$ 307,835	\$ 300,611
Working capital	724,470	789,275	1,113,656	789,308	584,248	648,622
Total assets	1,422,983	1,482,453	1,891,375	3,182,249	3,062,223	3,015,262
Long-term debt, net of current portion	—	—	—	1,220,502	1,546,782	1,542,063
Stockholders' equity	271,090	272,068	313,065	1,060,343	509,583	552,676

(1) The table below presents the pro forma adjustments attributable to the acquisition. The pro forma adjustments are described in the accompanying footnotes and are based upon available information and certain assumptions that we believe are reasonable.

	Four Months Ended July 31, 2008	Eight Months Ended March 31, 2009	Pro Forma Adjustments	Pro Forma Fiscal Year Ended March 31, 2009
	(As adjusted)	(As adjusted)		
(In thousands, except share and per share data)				
Consolidated Statement of Operations Data:				
Revenue	\$ 1,409,943	\$ 2,941,275	—	\$ 4,351,218
Operating costs and expenses:				
Compensation and other costs	722,986	1,566,763	\$ 6,586 (a)	2,296,335
Billable expenses	401,387	756,933	—	1,158,320
General and administrative expenses	726,929	505,226	(508,328)(b)	723,827
Depreciation and amortization	11,930	79,665	14,740 (c)	106,335
Total operating costs and expenses	1,863,232	2,908,587	—	4,284,817
Operating income (loss)	(453,289)	32,688	—	66,401
Interest income	734	4,578	—	5,312
Interest expense	(1,044)	(98,068)	(47,691)(d)	(146,803)
Other (expense), net	(54)	(128)	—	(182)
Income (loss) from continuing operations before income taxes	(453,653)	(60,930)	—	(75,272)
Income tax (benefit) expense from continuing operations	(56,109)	(22,147)	52,425 (e)	(25,831)
Net income (loss) from continuing operations	(397,544)	(38,783)	—	\$ (49,441)
Loss from discontinued operations, net of tax	(848,371)	—	—	—
Net (loss)	\$ (1,245,915)	\$ (38,783)		

(a) Reflects additional stock-based compensation expense associated with options issued in exchange for stock rights under the stock rights plan that existed prior to the closing of the acquisition for \$6.6 million (see Note 17 to our consolidated financial statements for additional information on our stock-based compensation).

- (b) Consists of the following adjustments:
- Increase to rent expense of \$1.8 million due to the elimination of the July 31, 2008 deferred rent liability in accordance with the accounting treatment of leases associated with the business combination;
 - Increase to management fees paid to Carlyle of \$333,000 (see Note 19 to our consolidated financial statements for additional information regarding the management fees);
 - Additional stock-based compensation expense of \$13.4 million associated with options issued in exchange for stock rights under the stock rights plan that existed prior to the closing of the acquisition (see Note 17 to our consolidated financial statements for additional information on our stock-based compensation);
 - Reversal of \$511.7 million for a one-time acceleration of stock rights and the fair value mark-up of redeemable common shares immediately prior to the acquisition; and
 - Reversal of certain related transaction costs of \$12.2 million.
- (c) Reflects amortization expense of intangible assets established as part of purchase accounting and depreciation expense associated with the fair value of fixed assets associated with the acquisition accounted for as a business combination for \$14.7 million.
- (d) Consists of the following adjustments:
- Reversal of interest expense of \$1.0 million recorded during the four months ended July 31, 2008 related to the Predecessor's previous debt outstanding prior to the acquisition; and
 - Incurrence of additional interest expense of \$48.7 million associated with our new senior credit facilities and mezzanine credit facility established in conjunction with the acquisition.
- (e) Reflects tax effect of the cumulative pro forma adjustments.
- (2) Basic earnings per share for the Company has been computed using the weighted average number of shares of Class A common stock, Class B non-voting common stock and Class C restricted common stock outstanding during the period. The Company's diluted earnings per share has been computed using the weighted average number of shares of Class A common stock, Class B non-voting common stock and Class C restricted common stock including the dilutive effect of outstanding common stock options and other stock-based awards. The weighted average number of Class E special voting common stock has not been included in the calculation of either basic earnings per share or diluted earnings per share due to the terms of such common stock.
- Basic earnings per share for the Predecessor has been computed using the weighted average number of shares of Class A common stock outstanding during the period. The Predecessor's diluted earnings per share has been computed using the weighted average number of shares of Class A common stock including the dilutive effect of outstanding stock-based awards.
- (3) Reflects a -for-1 split of our common stock to be effected prior to the completion of this offering.
- (4) Reflects the payment of special dividends in the aggregate amount of \$114.9 million and \$497.5 million to holders of record of our Class A common stock, Class B non-voting common stock, and Class C restricted common stock as of July 29, 2009 and December 8, 2009, respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis is intended to help the reader understand our business, financial condition, results of operations, liquidity and capital resources. You should read this discussion in conjunction with "Selected Historical Consolidated Financial and Other Data," and our consolidated financial statements and the related notes beginning on page F-1 of this prospectus.

The statements in this discussion regarding industry outlook, our expectations regarding our future performance, liquidity and capital resources and other non-historical statements in this discussion are forward-looking statements. These forward-looking statements are subject to numerous risks and uncertainties, including, but not limited to, the risks and uncertainties described in "Risk Factors" and "Special Note Regarding Forward-Looking Statements." Our actual results may differ materially from those contained in or implied by any forward-looking statements.

Our fiscal year ends March 31 and, unless otherwise noted, references to years or fiscal are for fiscal years ended March 31. References to "pro forma 2009" in this discussion and analysis are to unaudited pro forma results for the twelve months ended March 31, 2009, assuming the acquisition had been completed as of April 1, 2008. See "— Results of Operations."

Overview

We are a leading provider of management and technology consulting services to the U.S. government in the defense, intelligence and civil markets. We are a well-known, trusted and long-term partner to our clients, who seek our expertise and objective advice to address their most important and complex problems. Leveraging our 95-year consulting heritage and a talent base of approximately 23,800 people, we deploy our deep domain knowledge, functional expertise and experience to help our clients achieve their objectives. We have a collaborative culture, supported by our operating model, which helps our professionals identify and respond to emerging trends across the markets we serve and delivers enduring results for our clients. We have grown our revenue organically, without relying on acquisitions, at an 18% CAGR over the 15-year period ended March 31, 2010, reaching \$5.1 billion in revenue in fiscal 2010.

We were founded in 1914 by Edwin Booz, one of the pioneers of management consulting. In 1940, we began serving the U.S. government by advising the Secretary of the Navy in preparation for World War II. As the needs of our clients have grown more complex, we have expanded beyond our management consulting foundation to develop deep expertise in technology, engineering, and analytics. Today, we serve substantially all of the cabinet-level departments of the U.S. government. Our major clients include the Department of Defense, all branches of the U.S. military, the U.S. Intelligence Community, and civil agencies such as the Department of Homeland Security, the Department of Energy, the Department of Health and Human Services, the Department of the Treasury and the Environmental Protection Agency. We support these clients in addressing complex and pressing challenges such as combating global terrorism, improving cyber capabilities, transforming the healthcare system, improving efficiency and managing change within the government, and protecting the environment.

Factors and Trends Affecting Our Results of Operations

Our results of operations have been, and we expect them to continue to be, affected by the following factors, which may cause our future results of operations to differ from our historical results of operations discussed under "— Results of Operations."

Business Environment and Key Trends in Our Markets

We believe that the following trends and developments in the U.S. government services industry and our markets may influence our future results of operations:

- budgeting constraints increasing pressure on the U.S. government to control spending while pursuing numerous important policy initiatives, which may result in a slowdown in the growth rate of U.S. government spending in certain areas;
- changes in the level and mix of U.S. government spending, such as the U.S. government's increased spending in recent years on homeland security, cyber, advanced technology analytics, intelligence and defense-related programs and healthcare;
- cost cutting and efficiency initiatives and other efforts to streamline the U.S. defense and intelligence infrastructure, including the initiatives recently announced by the Secretary of Defense;
- increased insourcing by the U.S. government of work that was traditionally performed by outside contractors, including at the Department of Defense;
- specific efficiency initiatives by the U.S. government such as the Base Realignment and Closure Program and efforts to rebalance the U.S. defense forces in accordance with the 2010 Quadrennial Defense Review, as well as general efforts to improve procurement practices and efficiencies, such as the actions recently announced by the Office of Management and Budget regarding IT procurement practices;
- U.S. government agencies awarding contracts on a technically acceptable/lowest cost basis, which could have a negative impact on our ability to win certain contracts;
- restrictions by the U.S. government on the ability of federal agencies to use lead system integrators, in response to cost, schedule and performance problems with large defense acquisition programs where contractors were performing the lead system integrator role;
- increasingly complex requirements of the Department of Defense and the U.S. Intelligence Community, including cyber-security, and focus on reforming existing government regulation of various sectors of the economy, such as financial regulation and healthcare;
- efforts by the U.S. government to address organizational conflicts of interest and related issues and the impact of those efforts on us and our competitors; and
- increased competition from other government contractors and market entrants seeking to take advantage of the trends identified above.

Sources of Revenue

Substantially all of our revenue is derived from services provided under contracts and task orders with the U.S. government, primarily by our employees and, to a lesser extent, our subcontractors. Funding for our contracts and task orders is generally linked to trends in budgets and spending across various U.S. government agencies and departments, which generally have been increasing among our key markets and service offerings. We provide services under a large portfolio of contracts and contract vehicles to a broad client base, and we believe that our diversified contract and client base lessens potential volatility in our business.

Contract Types

We generate revenue under the following three basic types of contracts: cost-reimbursable, time-and-materials, and fixed-price.

- *Cost-reimbursable contracts.* Cost-reimbursable contracts provide for the payment of allowable costs incurred during performance of the contract, up to a ceiling based on the amount that has been funded, plus a fee. We generate revenue under two general types of cost-reimbursable contracts: cost-plus-fixed-fee and cost-plus-award-fee contracts, both of which reimburse allowable costs and include a fixed

contract fee. The fixed fee under each type of cost-reimbursable contract is generally payable upon completion of services in accordance with the terms of the contract, and cost-plus-fixed-fee contracts offer no opportunity for payment beyond the fixed fee. Cost-plus-award-fee contracts also provide for an award fee that varies within specified limits based upon the client's assessment of our performance against a predetermined set of criteria, such as targets for factors like cost, quality, schedule, and performance.

- *Time-and-materials contracts.* Under a time-and-materials contract, we are paid a fixed hourly rate for each direct labor hour expended, and we are reimbursed for allowable material costs and allowable out-of-pocket expenses. To the extent our actual direct labor and associated costs vary in relation to the fixed hourly billing rates provided in the contract, we will generate more or less profit, or could incur a loss.
- *Fixed-price contracts.* Under a fixed-price contract, we agree to perform the specified work for a pre-determined price. To the extent our actual costs vary from the estimates upon which the price was negotiated, we will generate more or less profit, or could incur a loss. Some fixed-price contracts have a performance-based component, pursuant to which we can earn incentive payments or incur financial penalties based on our performance. Fixed-price level of effort contracts require us to provide a specified level of effort, over a stated period of time, for a fixed price.

The amount of risk and potential reward varies under each type of contract. Under cost-reimbursable contracts, there is limited financial risk, because we are reimbursed for all allowable costs up to a ceiling. However, profit margins on this type of contract tend to be lower than on time-and-materials and fixed-price contracts. Under time-and-materials contracts, we are reimbursed for the hours worked using the predetermined hourly rates for each labor category. In addition, we are typically reimbursed for other contract direct costs and expenses at cost. We assume financial risk on time-and-materials contracts because our labor costs may exceed the negotiated billing rates. Profit margins on well-managed time and materials contracts tends to be higher than cost-reimbursable contracts as long as we are able to staff those contracts with people who have an appropriate skill set. Under fixed-price contracts, we are required to deliver the objectives under the contract for a pre-determined price. Compared to time-and-materials and cost-reimbursable contracts, fixed-price contracts generally offer higher profit margin opportunities because we receive the full benefit of any cost savings but generally involve greater financial risk because we bear the impact of any cost overruns. In the aggregate, the contract type mix in our revenue for any given period will affect that period's profitability. Over time we have experienced a relatively stable contract mix. However, the U.S. government has indicated an intent to increase its use of fixed price contract procurements and reduce its use of cost-plus-award-fee contract procurements, and the Department of Defense recently adopted purchasing guidelines that mark a shift towards fixed-price procurement contracts.

The table below presents the percentage of total revenue for each type of contract.

	Predecessor	The Company			
	Fiscal 2008	Pro Forma 2009	Fiscal 2010	Three Months Ended June 30,	
				2009	2010
Cost-reimbursable(1)	47%	50%	50%	52%	51%
Time-and-materials	44%	39%	38%	38%	36%
Fixed-price(2)	9%	11%	12%	10%	13%

(1) Includes both cost-plus-fixed-fee and cost-plus-award fee contracts.

(2) Includes fixed-price level of effort contracts.

Contract Diversity and Revenue Mix

We provide our services to our clients through a large number of single award contracts and contract vehicles and multiple award contract vehicles. In fiscal 2010, the revenue from our top ten single award contracts or contract vehicles based on revenue represented 19% of our revenue. Most of our revenue is generated under ID/IQ contract vehicles, which include multiple award GWACs and GSA schedules and

certain single award contracts. GWACs and GSA schedules are available to all U.S. government agencies. Any number of contractors typically compete under multiple award ID/IQ contract vehicles for task orders to provide particular services, and we earn revenue under these contract vehicles only to the extent that we are successful in the bidding process for task orders. In each of fiscal 2008, pro forma 2009 and fiscal 2010, our revenue under GWACs and GSA schedules collectively represented 29%, 27% and 23% of our total revenue, respectively. No single task order under any contract represented more than 1% of our revenue in any of fiscal 2008, pro forma 2009 or fiscal 2010. No single contract accounted for more than 9% of our revenue in any of fiscal 2008, pro forma 2009 and fiscal 2010.

We generate revenue under our contracts and task orders through our provision of services as both a prime contractor and subcontractor, as well as from the provision of services by subcontractors under contracts and task orders for which we act as the prime contractor. For fiscal 2008, pro forma 2009 and fiscal 2010, 88%, 86% and 87%, respectively, of our revenue was generated by contracts and task orders for which we served as a prime contractor; 12%, 14% and 13%, respectively, of our revenue was generated by contracts and task orders for which we served as a subcontractor; and 22%, 21% and 22%, respectively, of our revenue was generated by services provided by our subcontractors. The mix of these types of revenue affect our operating margin. Substantially all of our operating margin is derived from our consulting staff's labor under contracts for which we act as the prime contractor or a subcontractor, which we refer to as direct consulting staff labor, and our operating margin derived from fees we earn on services provided by our subcontractors is not significant. We view growth in direct consulting staff labor as the primary measure of earnings growth. Direct consulting staff labor growth is driven by consulting staff headcount growth, after attrition, and total backlog growth.

Our People

Revenue from our contracts is derived from services delivered by our people and, as discussed above, to a lesser extent from our subcontractors. Our ability to hire, retain and deploy talent is critical to our ability to grow our revenue. As of March 31, 2008, 2009, 2010, we employed approximately 18,800, 21,600, 23,300 people, respectively, of which approximately 16,900, 19,600, 21,000, respectively, were consulting staff. As of June 30, 2009 and 2010, we employed approximately 22,500 and 23,800 people, respectively, of which approximately 20,400 and 21,600, respectively, were consulting staff. Attrition for consulting staff was 15%, 15%, and 14% during fiscal 2008, 2009, and 2010, respectively. We recently accelerated our firm-wide hiring program to recruit and attract additional high quality and experienced talent. We believe this will allow us to grow our business through the deployment of increased net consulting staff against funded backlog.

Contract Backlog

We define backlog to include the following three components:

- *Funded Backlog.* Funded backlog represents the revenue value of orders for services under existing contracts for which funding is appropriated or otherwise authorized less revenue previously recognized on these contracts.
- *Unfunded Backlog.* Unfunded backlog represents the revenue value of orders for services under existing contracts for which funding has not been appropriated or otherwise authorized.
- *Priced Options.* Priced contract options represent 100% of the revenue value of all future contract option periods under existing contracts that may be exercised at our clients' option and for which funding has not been appropriated or otherwise authorized.

Backlog does not include any task orders under ID/IQ contracts, including GWACs and GSA schedules, except to the extent that task orders have been awarded to us under those contracts.

The following table summarizes the value of our contract backlog at the respective dates presented:

	The Company			
	As of March 31,		As of June 30,	
	2009	2010	2009	2010
	(In millions)			
Backlog:				
Funded	\$ 2,392	\$ 2,528	\$ 2,214	\$ 2,618
Unfunded(1)	1,968	2,453	2,057	2,576
Priced options(2)	2,919	4,032	3,233	4,295
Total backlog	\$ 7,279	\$ 9,013	\$ 7,504	\$ 9,489

(1) Reflects a reduction by management to the revenue value of orders for services under two existing single award ID/IQ contracts based on an established pattern of funding under these contracts by the U.S. government.

(2) Amounts shown reflect 100% of the undiscounted revenue value of all priced options.

Our backlog includes orders under contracts that in some cases extend for several years. The U.S. Congress generally appropriates funds for our clients on a yearly basis, even though their contracts with us may call for performance that is expected to take a number of years. As a result, contracts typically are only partially funded at any point during their term and all or some of the work to be performed under the contracts may remain unfunded unless and until the U.S. Congress makes subsequent appropriations and the procuring agency allocates funding to the contract.

We view growth in total backlog and consulting staff headcount growth as the two key measures of our business growth. Consulting staff headcount growth is the primary means by which we are able to recognize profitable revenue growth. To the extent that we are able to hire additional people, we generally are able to deploy them against funded backlog and, as a result, recognize increased revenue. Some portion of our employee base is employed on less than a full time basis, and we measure revenue growth based on the full time equivalency of our consulting staff. Total backlog grew 24% from March 31, 2009 to March 31, 2010 and 26% from June 30, 2009 to June 30, 2010. We cannot predict with any certainty the portion of our backlog that we expect to recognize as revenue in any future period. While we report internally on our backlog on a monthly basis and review backlog upon the occurrence of certain events to determine if any adjustments are necessary, we cannot guarantee that we will recognize any revenue from our backlog. The primary risks that could affect our ability to recognize such revenue are program schedule changes and contract modifications. In our recent experience, none of these or other factors have had a material negative effect on our ability to realize revenue from our funded backlog. Additional risks include the unilateral right of the U.S. government to cancel multi-year contracts and related orders or to terminate existing contracts for convenience or default; cost cutting initiatives and other efforts to reduce U.S. government spending, such as the initiatives recently announced by the Secretary of Defense, which could reduce or delay funding for orders for services; in the case of unfunded backlog, the potential that funding will not be available; and, in the case of priced options, the risk that our clients will not exercise their options. See "Risk Factors — Risks Related to Our Business — We may not realize the full value of our backlog, which may result in lower than expected revenue."

Operating Costs and Expenses

Costs associated with compensation and related expenses for our people are the most significant component of our operating costs and expenses. The principal factors that affect our costs are additional people as we grow our business and are awarded new contracts, task orders and additional work under our existing contracts and the hiring of people with a specific skill set and security clearances as required by our additional work.

Our most significant operating costs and expenses are described below.

Cost of Revenue

Cost of revenue includes direct labor, related employee benefits and overhead. Overhead consists of indirect costs, including indirect labor relating to infrastructure, management and administration, and other expenses.

Billable Expenses

Billable expenses include direct subcontractor expenses, travel expenses, and other expenses incurred to perform on contracts.

General and Administrative Expenses

General and administrative expenses include indirect labor of executive management and corporate administrative functions, marketing and bid and proposal costs, and other discretionary spending.

Upon the completion of this offering, we will be required to comply with new accounting, financial reporting and corporate governance standards as a public company that we expect will cause our general and administrative expenses to increase. Such costs will include, among others, increased auditing and legal fees, board of director fees, investor relations expenses, and director and officer liability insurance costs.

Depreciation and Amortization

Depreciation and amortization includes the depreciation of computers, leasehold improvements, furniture and other equipment, and the amortization of internally developed software, as well as third-party software that we use internally and of identifiable long-lived intangible assets over their estimated useful lives.

Income Taxes

Our NOL carryforward, which as of March 31, 2010 was \$367.6 million, is subject to Section 382 of the Internal Revenue Code. Section 382 of the Internal Revenue Code limits the use of a corporation's NOLs and certain other tax benefits following a change in ownership of the corporation. We believe that it is more likely than not that the results of future operations will generate sufficient taxable income over the next two to three years to realize the tax benefits of our NOL carryforward.

We also expect that our future cash tax payments will be further reduced by utilizing deductions created upon the exercise of employee stock options. In general, under current law, an exercise of a compensatory option to acquire our stock would create an income tax deduction in an amount equal to the excess of the fair market value of the stock subject to the option over the option exercise price. In connection with the acquisition, we issued options under the Officers' Rollover Stock Plan, referred to as Rollover options, of which options to purchase 1,334,324 shares (excluding fractional shares which will be redeemed for cash) were outstanding as of June 30, 2010, including options to purchase 169,983 shares that were vested as of such date. The remaining Rollover options vest over the period from June 30, 2011 to June 30, 2013 and, once vested, are required to be exercised no later than 60 days (subject to extension by the Board) following specified exercise commencement dates ranging from June 30, 2011 to June 30, 2015 or such options will be forfeited. Assuming that all such options vest in accordance with their terms and are exercised in accordance with the exercise schedule, and that the fair market value of our Class A common stock at the time of such exercises were equal to \$, the midpoint of the range set forth on the cover page of this prospectus, the expected reduction in our cash taxes over the exercise period for such options would be approximately \$ in excess of the tax benefit for such awards reflected in our consolidated financial statements. There can be no assurance that any such options will vest and be exercised or that the value of our stock at the time of any exercise will not be less than such midpoint or that any such tax deduction will be realized. Any increase or decrease in the price of our Class A common stock at the time of any such exercise relative to such midpoint assumed above would likewise have the effect of increasing (in the case of a decrease in stock price) or decreasing (in the case of an increase in stock price) our future cash tax payments.

In addition, we have issued options under the Equity Incentive Plan, referred to as EIP options, of which options to purchase 1,441,316 shares were outstanding as of June 30, 2010, including options to purchase 452,929 shares that were vested as of such date. These outstanding EIP options vest over the period from fiscal 2011 to fiscal 2016 based on the continued employment of the holder and the fulfillment of certain performance targets. Options are exercisable any time between vesting and ten years after grant date ranging from June 30, 2019 to June 30, 2020. The exercise prices of EIP options outstanding as of June 30, 2010 range from \$ to \$ per share and the weighted average exercise price for such outstanding EIP options is \$. Assuming that all such options vest in accordance with their terms and are exercised, and that the fair market value of our Class A common stock at the time of such exercises were equal to \$, the midpoint of the range set forth on the cover page of this prospectus, and after giving effect to the exercise of options between June 30, 2010 and the date of this prospectus, the expected reduction in our cash taxes over the exercise period for such options would be approximately \$ million in excess of the tax benefit for such awards reflected in our consolidated financial statements. There can be no assurance that any such options will vest and be exercised, as to the timing of any exercise or that the value of our stock at the time of any such exercise will not be less than such midpoint or that any such tax deduction will be realized. Any increase or decrease in the price of our Class A common stock at the time of any such exercise relative to such midpoint assumed above would likewise have the effect of increasing (in the case of a decrease in stock price) or decreasing (in the case of an increase in stock price) our future cash tax expense.

For further information regarding our outstanding options, including vesting and exercise terms, see “Executive Compensation — Executive Compensation Plans” and Note 17 to our consolidated financial statements.

Effects of Inflation

50% and 51% of our revenue was derived from cost-reimbursable contracts for fiscal 2010 and for the three months ended June 30, 2010, respectively, which are generally completed within one year of the contract start date. Bids for longer-term fixed-price and time-and-materials contracts typically include sufficient provisions for labor and other cost escalations to cover anticipated cost increases over the period of performance. Consequently, revenue and costs have generally both increased commensurate with overall economic growth. As a result, net income as a percentage of total revenue has not been significantly impacted by inflation.

Seasonality

The U.S. government’s fiscal year ends on September 30 of each year. It is not uncommon for U.S. government agencies to award extra tasks or complete other contract actions in the weeks before the end of its fiscal year in order to avoid the loss of unexpended fiscal year funds. In addition, we also have generally experienced higher bid and proposal costs in the months leading up to the U.S. government’s fiscal year-end as we pursue new contract opportunities being awarded shortly after the U.S. government fiscal year-end as new opportunities are expected to have funding appropriated in the U.S. government’s subsequent fiscal year. We may continue to experience this seasonality in future periods, and our future periods may be affected by it.

Seasonality is just one of a number of factors, many of which are outside of our control, that may affect our results in any period. See “Risk Factors — Risks Relating to Our Common Stock and This Offering — Our financial results may vary significantly from period to period as a result of a number of factors, many of which are outside our control, which could cause the market value of our Class A common stock to decline.”

Critical Accounting Estimates and Policies

Our discussion and analysis of our financial condition and results of operations are based on our consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingencies at the date of the financial statements as well as the reported amounts of revenue and expenses during the reporting

period. Management evaluates these estimates and assumptions on an ongoing basis. Our estimates and assumptions have been prepared on the basis of the most current reasonably available information. Actual results may differ from these estimates under different assumptions or conditions.

Our significant accounting policies, including the critical policies and practices listed below, are more fully described and discussed in the notes to the consolidated financial statements. We consider the following accounting policies to be critical to an understanding of our financial condition and results of operations because these policies require the most difficult, subjective or complex judgments on the part of our management in their application, often as a result of the need to make estimates about the effect of matters that are inherently uncertain, and are the most important to our financial condition and operating results.

Revenue Recognition and Cost Estimation

Substantially all of our revenue is derived from contracts to provide professional services to the U.S. government and its agencies. In most cases, we recognize revenue as work is performed. For fixed-price contracts, we recognize revenue on the percentage-of-completion basis with progress toward completion of a particular contract based on actual costs incurred relative to total estimated costs to be incurred over the life of the contract. Profits on fixed-price contracts result from the difference between the incurred costs and the revenue earned. This method is followed where reasonably dependable estimates of revenue and costs under the contract can be made. Estimates of total contract revenue and costs are reviewed regularly and at least quarterly, and recorded revenue and costs are subject to revision as the contract progresses. Such revisions may result in increases or decreases to revenue and income, and are reflected in the financial statements in the periods in which they are first identified. If our estimates indicate that a contract loss will occur, a loss provision is recorded in the period in which the loss first becomes probable and reasonably estimable. Estimating costs under our long-term contracts is complex and involves significant judgment. Factors that must be considered in making estimates include labor productivity and availability, the nature and technical complexity of the work to be performed, potential performance delays, availability and timing of funding from the client, progress toward completion, and recoverability of claims. Adjustments to original estimates are often required as work progresses and additional information becomes known, even though the scope of the work required under the contract may not change. Any adjustment as a result of a change in estimates is made when facts develop, events become known or an adjustment is otherwise warranted, such as in the case of a contract modification. We have procedures and processes in place to monitor the actual progress of a project against estimates and our estimates are updated if circumstances are warranted.

We recognize revenue for cost-plus-fixed-fee contracts with the U.S. government as hours are worked based on reimbursable and allowable costs, recoverable indirect costs and an accrual for the fixed fee component of the contract. Many of our U.S. government contracts include award fees, which are earned based on the client's evaluation of our performance. We have significant history with the client for the majority of contracts on which we earn award fees. That history and management monitoring of performance form the basis for our ability to estimate such fees over the life of the contract. Based on these estimates, we recognize award fees as work on the contracts is performed.

Revenue earned under time-and-materials contracts is recognized as hours are worked based on contractually billable rates to the client. Costs on time-and-materials contracts are expensed as incurred.

Change in Accounting Principle for Revenue Recognition

In fiscal 2010, we changed our methodology of recognizing revenue for all of our U.S. government contracts to apply the accounting guidance of Financial Accounting Standards Board, or FASB, Accounting Standard Codification, or ASC, Subtopic 605-35, as directed by ASC Topic 912, which permits revenue recognition on a percentage-of-completion basis. Previously, we applied this guidance only to contracts related to the construction or development of tangible assets. For contracts not related to those activities, we had applied the general revenue recognition guidance of Staff Accounting Bulletin Topic 13, "Revenue Recognition." Upon contract completion, both methods yield the same results, but we believe that the application of contract accounting under ASC 605-35 to all U.S. government contracts is preferable to the

application of contract accounting under Staff Accounting Bulletin Topic 13, based on the fact that the percentage of completion model utilized under ASC 605-35 is a recognized accounting model that better reflects the economics of a U.S. government contract during the contract performance period.

The only material financial impact resulting from the accounting change is the recognition of award fees based upon reliable estimates. The guidance in ASC 605-35 allows for award fees to be recorded over the life of a contract based on management's estimates of those total fees, to the extent we are able to make such estimates. We have concluded that these estimates, in prior and current periods, can be made based on our significant history with our portfolio of contracts and management's monitoring of fees earned on such contracts. Management concluded that accrual of award fees is appropriate for all of our existing cost-plus-award-fee contracts for which management is able to estimate the award fees. This change has been reflected in all periods presented in the audited consolidated financial statements and the unaudited financial data presented elsewhere in this prospectus.

In accordance with ASC Subtopic 250-10, "Accounting Changes and Error Corrections," all prior periods presented have been retrospectively adjusted to apply the new method of accounting. Refer to Note 2 to our consolidated financial statements for information on the effect of the change in accounting principle on our consolidated financial statements.

Goodwill and Intangible Impairment

Goodwill represents the excess of the purchase price of an acquired business over the fair value of its net tangible and identifiable intangible assets. The fair value assessments involved in the calculation of goodwill require judgments and estimates that can be affected by contract performance and other factors over time, which may cause the amount of goodwill associated with a business to differ materially from original estimates.

We have identified a single reporting unit for purposes of testing goodwill. The goodwill of our reporting unit is tested for impairment annually on January 1 and whenever an event occurs or circumstances change such that it is reasonably possible that an impairment condition may exist. Events or circumstances that could trigger such an interim impairment test include a decline in market capitalization below book value, internal reports or reports by our competitors of a decrease in revenue or operating income or bankruptcies, lower than expected income during the current fiscal year or expected for the next fiscal year, current period operating or cash flow loss, loss of significant contracts, or projection of continuing income or cash flow losses associated with the use of a long-lived asset or group of assets.

Our goodwill impairment test is a two-step process performed at the reporting unit level. The first step consists of estimating the fair value of our reporting unit based on a discounted cash flow model using revenue and profit forecasts and comparing its estimated fair value with the carrying value, which includes the allocated goodwill. If the fair value is less than the carrying value, a second step is performed to compute the amount of the impairment by determining an implied fair value of goodwill. The implied fair value of goodwill is the residual fair value derived by deducting the fair value of the reporting unit's identifiable assets and liabilities from its estimated fair value calculated in step one. The impairment charge represents the excess of the carrying amount of the reporting unit's goodwill over the implied fair value of goodwill. The revenue and profit forecasts used in step one are based on management's best estimate of future revenue and operating costs. Changes in these forecasts could cause the reporting unit to either pass or fail the first step in the impairment test, which could significantly change the amount of the impairment recorded from step two. In addition, the estimated future cash flows are adjusted to present value by applying a discount rate. Changes in the discount rate impact the impairment by affecting the calculation of the fair value of the reporting unit in step one.

Our goodwill impairment test performed for fiscal 2010 did not result in any impairment of goodwill. For the year ended March 31, 2010, there were no triggering events indicative of goodwill or intangible impairment.

Stock-Based Compensation

We use the Black-Scholes option-pricing model to determine the estimated fair value for stock options. The fair value of our stock on the date of the option grant is determined based on an external valuation prepared contemporaneously and approved by management and reviewed by the Board.

Critical inputs into the Black-Scholes option-pricing model include: the option exercise price; the fair value of the stock price; the expected life of the option in years; the annualized volatility of the stock; the annual rate of quarterly dividends on the stock; and the risk-free interest rate.

As we have no plans to issue regular dividends, a dividend yield of zero is used in the Black-Scholes model. Expected volatility is calculated as of each grant date based on reported data for a peer group of publicly traded companies for which historical information is available. We will continue to use peer group volatility information until our historical volatility can be regularly measured against an open market to measure expected volatility for future option grants. Other than the expected life of the option, volatility is the most sensitive input to our option grants. To be consistent with all other implied calculations, the same peer group used to calculate other implied metrics is also used to calculate implied volatility. While we are not aware of any news or disclosure by our peers that may impact their respective volatility, there is a risk that peer group volatility may increase, thereby increasing any prospective future compensation expense that will result from future option grants.

The risk-free interest rate used in the Black-Scholes option-pricing model is determined by referencing the U.S. Treasury yield curve rates with the remaining term equal to the expected life assumed at the date of grant. Due to the lack of historical exercise data, the average expected life is estimated based on internal qualitative and quantitative factors. As we obtain data associated with future exercises, the useful life of future grants will be adjusted accordingly.

Forfeitures are estimated based on our historical analysis of attrition levels. Forfeiture estimates will be updated annually for actual forfeitures. We do not expect this assumption to change materially, as attrition levels have historically been low.

As a privately held company, we obtained contemporaneous valuations by an independent valuation specialist for our fair value determinations. The valuations were based on several generally accepted valuation techniques: a discounted cash flow analysis, a comparable public company analysis, and for the most recent valuation, a comparative transaction analysis. Estimates used in connection with the discounted cash flow analysis were consistent with the plans and estimates that we use to manage the business although there is inherent uncertainty in these estimates. The valuation analysis results in a range of derived values with the final value selected and approved by our Compensation Committee. The completion of the initial public offering may add value to the shares due to, among other things, increased liquidity and marketability; however, the extent (if any) of such additional value cannot be measured with precision or certainty and the shares could suffer a decrease in value.

Accounting for Income Taxes

Provisions for federal and state income taxes are calculated from the income reported on our financial statements based on current tax law and also include, in the current period, the cumulative effect of any changes in tax rates from those previously used in determining deferred tax assets and liabilities. Such provisions differ from the amounts currently receivable or payable because certain items of income and expense are recognized in different time periods for purposes of preparing financial statements than for income tax purposes.

Significant judgment is required in determining income tax provisions and evaluating tax positions. We establish reserves for income tax when, despite the belief that our tax positions are supportable, there remains uncertainty in a tax position in our previously filed income tax returns. For tax positions where it is more likely than not that a tax benefit will be sustained, we record the largest amount of tax benefit with a greater than 50% likelihood of being realized upon settlement with a taxing authority that has full knowledge of all relevant information. To the extent we prevail in matters for which accruals have been established or are

required to pay amounts in excess of reserves, our effective tax rate in a given financial statement period may be materially impacted.

The carrying value of our net deferred tax assets assumes that we will be able to generate sufficient future taxable income in certain tax jurisdictions to realize the value of these assets. If we are unable to generate sufficient future taxable income in these jurisdictions, a valuation allowance is recorded when it is more likely than not that the value of the deferred tax assets is not realizable.

Recent Accounting Pronouncements

In October 2009, the FASB issued Accounting Standards Update, or ASU, No. 2009-13, *Revenue Recognition (Topic 605): Multiple-Deliverable Revenue Arrangements*, to amend the revenue recognition guidance for arrangements with multiple deliverables under ASC 605-25, *Revenue Recognition: Multiple-Element Arrangements*. This guidance modifies the requirements for determining whether a deliverable can be treated as a separate unit of accounting by removing the criteria that verifiable and objective evidence of fair value exists for the undelivered elements.

In October 2009, the FASB issued ASU No. 2009-14, *Software (Topic 985): Certain Revenue Arrangements That Include Software Elements*, to amend the revenue recognition guidance for certain arrangements that include software elements under FASB ASC 985-605, *Software: Revenue Recognition*. The amendment to ASC 985-605 focuses on determining which arrangements are within the scope of the software revenue guidance.

The changes in ASU No. 2009-13 and ASU No. 2009-14 are effective on a prospective basis for transactions entered into or materially modified for fiscal years beginning on or after June 15, 2010, or on a retrospective basis for all periods presented. Early adoption is permitted as of the beginning of our fiscal year provided we have not previously issued financial statements for any period within that year. We have adopted the guidance on a prospective basis effective April 1, 2010 and the guidance did not have material impact on our consolidated financial statements and disclosures. We are required to adopt both ASU No. 2009-13 and ASU No. 2009-14 in the same manner.

In April 2010, the FASB issued Accounting Standards Update 2010-17, *Revenue Recognition-Milestone Method*. Collectively, the guidance provides requirements on when it may be appropriate for a company to apply the milestone method of revenue recognition to its research and development arrangements. This guidance includes the definition of milestone, the criteria that must be met in order to consider a milestone substantive and the financial statement disclosures required when the milestone method of revenue recognition is adopted. The guidance is effective on a prospective basis for milestones achieved in fiscal years beginning on or after June 15, 2010, however a company may elect to early adopt. When a company elects to early adopt, the milestone method must be applied retrospectively from the beginning of the fiscal year of adoption.

The recognition of revenue under the milestone method is a policy election. Other proportional revenue recognition methods may also be applied as long as the selected method does not recognize consideration for a milestone in its entirety during the period the milestone is achieved. We are currently assessing the impact that the milestone method would have on our consolidated financial statements and have not yet chosen to apply the milestone method of revenue recognition to our research and development arrangements. Should we elect to adopt the milestone method, we currently do not expect the new method to have a material impact on our consolidated financial statements.

Other recent accounting pronouncements issued by the FASB (including the EITF) and the American Institute of Certified Public Accountants were not or are not believed by management to have a material impact on our future consolidated financial statements.

Segment Reporting

We report operating results and financial data in one operating and reportable segment. We manage our business as a single profit center in order to promote collaboration, provide comprehensive functional service offerings across our entire client base, and provide incentives to employees based on the success of the

organization as a whole. Although certain information regarding served markets and functional capabilities is discussed for purposes of promoting an understanding of our complex business, we manage our business and allocate resources at the consolidated level of a single operating segment.

The Acquisition

On July 31, 2008, pursuant to the merger agreement, the then-existing shareholders of Booz Allen Hamilton completed the spin off and sale of the commercial and international business to the commercial partners and the acquisition of Booz Allen Hamilton by Carlyle, through the merger of Booz Allen Hamilton with a wholly-owned indirect subsidiary of Booz Allen Holding. Booz Allen Holding was formed for the purpose of Carlyle indirectly acquiring Booz Allen Hamilton and was capitalized through (1) the sale of \$956.5 million of shares of Class A common stock by Booz Allen Holding to Coinvest and (2) \$1,240.3 million of net proceeds from indebtedness incurred under our senior credit facilities and our mezzanine credit facility. Booz Allen Holding acquired Booz Allen Hamilton for total consideration of \$1,828.0 million. The acquisition consideration was allocated to the acquired net assets, identified intangibles of \$353.8 million, and goodwill of \$1,163.1 million.

In connection with the acquisition, Booz Allen Holding exchanged certain shares of its common stock for previously issued and outstanding shares of Booz Allen Hamilton. Fully vested shares of Booz Allen Hamilton were exchanged for vested shares of Booz Allen Holding, with a fair value of \$79.7 million. This amount was included as a component of the total acquisition consideration. Booz Allen Holding also issued restricted shares and options in exchange for previously issued and outstanding stock rights of Booz Allen Hamilton. Based on the vesting terms of the newly issued Booz Allen Holding Class C restricted common stock and the new options granted under the Officers' Rollover Stock Plan, the fair value of those awards, \$147.4 million, is recognized as compensation expense by us subsequent to the acquisition as the restricted common stock and stock options vest over a period of three to five years. See "The Acquisition and Recapitalization Transaction."

The Recapitalization Transaction

On December 11, 2009, we consummated the recapitalization transaction, which included amendments of our senior credit facilities and our mezzanine credit facility to, among other things, add the \$350.0 million Tranche C term facility under our senior credit facilities and waive certain covenants to permit the recapitalization transaction. Net proceeds from the Tranche C term facility of \$341.3 million, along with cash on hand, were used to fund Booz Allen Hamilton's dividend payment of \$497.5 million, or \$46.42 per share, to all issued and outstanding shares of Booz Allen Holding's Class A common stock, Class B non-voting common stock and Class C restricted common stock. We also repaid a portion of the deferred payment obligation in the amount of \$100.4 million, including \$22.4 million in accrued interest. As required by the Officers' Rollover Stock Plan and the Equity Incentive Plan, the exercise price per share of each outstanding option was reduced in an amount equal to the reduction in the value of the common stock as a result of the dividend. Because the reduction in share value exceeded the exercise price for certain of the options granted under the Officers' Rollover Stock Plan, the exercise price for those options was reduced to the par value of the shares issuable on exercise, and the holders became entitled to receive on the option's fixed exercise date a cash payment equal to the excess of the reduction in share value as a result of the dividend over the reduction in exercise price, subject to vesting of the relation options. As of June 30, 2010, the total obligations for these cash payments was \$54.4 million. See "The Acquisition and Recapitalization Transaction."

Basis of Presentation

As discussed in more detail under "The Acquisition and Recapitalization Transaction," Booz Allen Hamilton was indirectly acquired by Carlyle on July 31, 2008. Immediately prior to the acquisition, Booz Allen Hamilton spun off its commercial and international business and retained its U.S. government business. The accompanying consolidated financial statements are presented for (1) the "Predecessor," which are the financial statements of Booz Allen Hamilton for the period preceding the acquisition, and (2) the "Company," which are the financial statements of Booz Allen Holding and its consolidated subsidiaries for the period following the acquisition. Prior to the acquisition, Booz Allen Hamilton's U.S. government business is

presented as the continuing operations of the Predecessor. The Predecessor's consolidated financial statements have been presented for the twelve months ended March 31, 2008 and the four months ended July 31, 2008. The operating results of the commercial and international business that was spun off by Booz Allen Hamilton effective July 31, 2008 have been presented as discontinued operations in the Predecessor consolidated financial statements and the related notes included in this prospectus. The Company's consolidated financial statements for periods subsequent to the acquisition have been presented from August 1, 2008 through March 31, 2009, for the twelve months ended March 31, 2010 and for the three months ended June 30, 2009 and 2010. The Predecessor's financial statements may not necessarily be indicative of the cost structure or results of operations that would have existed if the U.S. government business operated as a stand-alone, independent business. The acquisition was accounted for as a business combination, which resulted in a new basis of accounting. The Predecessor's and the Company's financial statements are not comparable as a result of applying a new basis of accounting. See Notes 2, 4, and 24 to our consolidated financial statements for additional information regarding the accounting treatment of the acquisition and discontinued operations.

The spin off of the commercial and international business, the acquisition of a majority ownership by Carlyle, the related application of the purchase accounting method and changes in our outstanding debt resulted in significant changes in, among other things, asset values, amortization expense, and interest expense. Additionally, the Predecessor's net loss for the four months ended July 31, 2008 includes approximately \$1.5 billion of stock compensation expense related to the accelerated vesting of a portion of existing rights to purchase common stock of the Company and the mark-up of the Predecessor's common stock to fair market value in anticipation of the acquisition. The acquisition purchase price was allocated to the Company's net tangible and identifiable intangible assets based upon their fair values as of August 1, 2008. The excess of the purchase price over the fair value of the net tangible and identifiable assets was recorded as goodwill.

The results of operations for fiscal 2008, the four months ended July 31, 2008, the eight months ended March 31, 2009 and the three months ended June 30, 2009 are presented "as adjusted" to reflect the change in accounting principle related to our revenue recognition policies, as described in "— Critical Accounting Estimates and Policies."

Results of Operations

The following table sets forth items from our consolidated statements of operations for the periods indicated (in thousands). Included in the table below and set forth in the following discussion are unaudited pro forma results of operations for the twelve months ended March 31, 2009, or "pro forma 2009," assuming the acquisition had been completed as of April 1, 2008. The unaudited pro forma condensed consolidated results of operations for fiscal 2009 are based on our historical audited consolidated financial statements included elsewhere in this prospectus, adjusted to give pro forma effect to the acquisition.

The unaudited pro forma condensed consolidated results of operations for fiscal 2009 are presented because management believes it provides a meaningful comparison of operating results enabling twelve months of fiscal 2009 to be compared with fiscal 2010 and fiscal 2008, adjusting for the impact of the acquisition. The unaudited pro forma condensed consolidated financial statements are for informational purposes only and do not purport to represent what our actual results of operations would have been if the acquisition had been completed as of April 1, 2008 or that may be achieved in the future. The unaudited pro forma condensed consolidated financial information and the accompanying notes should be read in conjunction with our historical audited consolidated financial statements and related notes appearing elsewhere

in this prospectus and other financial information contained in "Prospectus Summary," "Risk Factors" and "The Acquisition and Recapitalization Transaction," in this prospectus.

	Predecessor		The Company					
	Fiscal Year Ended March 31, 2008	Four Months Ended July 31, 2008	Eight Months Ended March 31, 2009	Pro Forma Adjustments	Pro Forma Fiscal Year Ended March 31, 2009	Fiscal Year Ended March 31, 2010	Three Months Ended June 30,	
	(As adjusted)	(As adjusted)	(As adjusted)				2009	2010
							(Unaudited) (As adjusted)	(Unaudited)
				(In thousands)				
Revenue	\$ 3,625,055	\$ 1,409,943	\$ 2,941,275	—	\$ 4,351,218	\$ 5,122,633	\$ 1,229,459	\$ 1,341,929
Operating costs and expenses:								
Cost of revenue	2,028,848	722,986	1,566,763	\$ 6,586 (a)	2,296,335	2,654,143	638,690	677,095
Billable expenses	935,459	401,387	756,933	—	1,158,320	1,361,229	329,681	356,286
General and administrative expenses	474,188	726,929	505,226	(508,328)(b)	723,827	811,944	184,734	200,419
Depreciation and amortization	33,079	11,930	79,665	14,740 (c)	106,335	95,763	24,003	19,384
Total operating costs and expenses	3,471,574	1,863,232	2,908,587	—	4,284,817	4,923,079	1,177,108	1,253,184
Operating income (loss)	153,481	(453,289)	32,688	—	66,401	199,554	52,351	88,745
Interest income	2,442	734	4,578	—	5,312	1,466	515	312
Interest (expense)	(2,319)	(1,044)	(98,068)	(47,691)(d)	(146,803)	(150,734)	(36,371)	(40,353)
Other expense, net	(1,931)	(54)	(128)	—	(182)	(1,292)	(523)	(619)
Income (loss) from continuing operations before income taxes	151,673	(453,653)	(60,930)	—	(75,272)	48,994	15,972	48,085
Income tax expense (benefit) from continuing operations	62,693	(56,109)	(22,147)	52,425 (e)	(25,831)	23,575	7,547	19,916
Income (loss) from continuing operations	88,980	(397,544)	(38,783)	—	(49,441)	25,419	8,425	28,169
Loss from discontinued operations, net of tax	(71,106)	(848,371)	—	—	—	—	—	—
Net income (loss)	\$ 17,874	\$ (1,245,915)	\$ (38,783)	—	—	\$ 25,419	\$ 8,425	\$ 28,169

- (a) Reflects additional stock-based compensation expense associated with options issued in exchange for stock rights under the stock rights plan that existed prior to the closing of the acquisition for \$6.6 million (see Note 17 to our consolidated financial statements for additional information on our stock-based compensation).
- (b) Consists of the following adjustments:
- Increase to rent expense of \$1.8 million due to the elimination of the July 31, 2008 deferred rent liability in accordance with the accounting treatment of leases associated with the business combination;
 - Increase to management fees paid to Carlyle of \$333,000 million (see Note 19 to our consolidated financial statements for additional information regarding the management fees);
 - Additional stock-based compensation expense of \$13.4 million associated with options issued in exchange for stock rights under the stock rights plan that existed prior to the closing of the acquisition (see Note 17 to our consolidated financial statements for additional information on our stock-based compensation);
 - Reversal of \$511.7 million for a one-time acceleration of stock rights and the fair value mark-up of redeemable common shares immediately prior to the acquisition; and
 - Reversal of certain related transaction costs of \$12.2 million.
- (c) Reflects amortization expense of intangible assets established as part of purchase accounting and depreciation expense associated with the fair value of fixed assets associated with the acquisition accounted for as a business combination for \$14.7 million.

- (d) Consists of the following adjustments:
- Reversal of interest expense of \$1.0 million recorded during the four months ended July 31, 2008 related to the Predecessor's previous debt outstanding prior to the acquisition; and
 - Incurrence of additional interest expense of \$48.7 million associated with our new senior credit facilities and mezzanine credit facility established in conjunction with the acquisition.
- (e) Reflects tax effect of the cumulative pro forma adjustments.

Financial and Other Highlights — Three Months Ended June 30, 2010

Key financial highlights during the three months ended June 30, 2010 include:

- Revenue increased 9.1% over the three months ended June 30, 2009 driven primarily by the deployment during the three months ended June 30, 2010 of approximately 1,200 net additional consulting staff against funded backlog. Net additional consulting staff reflects newly hired consulting staff net of consulting staff attrition during the twelve months ended June 30, 2010.
- Operating income as a percentage of revenue increased to 6.6% in the three months ended June 30, 2010 from 4.3% in the three months ended June 30, 2009. The increase in operating margin reflects a reduction in the cost of revenue as a percentage of revenue driven by a decrease in acquisition-related expenses and cost efficiencies across our overhead base primarily related to lower indirect labor costs.
- Income from continuing operations before taxes increased to \$48.1 million for the three months ended June 30, 2010 from \$16.0 million for the three months ended June 30, 2009 due to an increase in operating income of \$36.4 million partially offset by a decrease in interest income and an increase in interest expense.

Financial and Other Highlights — Fiscal 2010

We have a broad and diverse contract and client base and no single contract or task order accounted for more than a 12% impact on our revenue growth from pro forma 2009 to fiscal 2010. Key financial highlights during fiscal 2010 include:

- Revenue increased 17.7% over pro forma 2009 driven primarily by the deployment during fiscal 2010 of approximately 1,500 net additional consulting staff against funded backlog. Net additional consulting staff reflects newly hired consulting staff net of consulting staff attrition during fiscal 2010.
- Operating income for fiscal 2010 as a percentage of revenue increased to 3.9% in fiscal 2010 from 1.5% in pro forma 2009. The increase in operating margin reflects a reduction in the cost of revenue as a percentage of revenue driven by a decrease in acquisition-related expenses and cost efficiencies across our overhead base primarily related to lower indirect labor costs. Operating income reflects (i) a \$3.1 million reduction in reserves for costs in excess of funding appropriated under existing contracts, (ii) recognition of \$3.6 million of profits earned but unrecorded under existing contracts following a comprehensive contract review and (iii) recognition of \$2.1 million of profits earned under a contract that was terminated at the request of our counterparty and with our consent.
- Income from continuing operations before taxes for fiscal 2010 was \$49.0 million compared to a loss of \$75.3 million for pro forma 2009 due to an increase in operating income of \$133.2 million partially offset by a decrease in interest income and an increase in interest expense.

Three Months Ended June 30, 2010 Compared to Three Months Ended June 30, 2009

Revenue

Revenue increased to \$1,341.9 million in the three months ended June 30, 2010 from \$1,229.5 million in the three months ended June 30, 2009, or a 9.1% increase. This revenue increase was primarily driven by the deployment during the three months ended June 30, 2010 of approximately 1,200 net additional consulting staff against funded backlog. Consulting staff increased during the period due to ongoing recruiting efforts,

resulting in additions to consulting staff in excess of attrition. Additions to funded backlog during the twelve months ended June 30, 2010 totaled \$5.6 billion, including \$1.4 billion in the three months ended June 30, 2010, as a result of the conversion of unfunded backlog to funded backlog, the award of new contracts and task orders under which funding was appropriated and the exercise and subsequent funding of priced options.

Cost of Revenue

Cost of revenue increased to \$677.1 million in the three months ended June 30, 2010 from \$638.7 million in the three months ended June 30, 2009, or a 6.0% increase, primarily due to increases in salaries and salary-related benefits of \$39.0 million and employer retirement plan contributions of \$5.1 million. The increase in salaries and salary-related benefits was driven by headcount growth of approximately 1,200 net additional consulting staff during the twelve months ended June 30, 2010 and annual base salary increases. The increase in employer retirement plan contributions was due to an increase in the number of employees who completed one year of service and became eligible to participate in our Employees' Capital Accumulation Plan. This cost of revenue increase was partially offset by decreases in incentive compensation of \$3.3 million and \$4.1 million in stock-based compensation expense for Rollover and EIP options for Class A common stock and restricted shares, in each case issued in connection with the acquisition (stock-based compensation expense related to Rollover options and restricted shares issued in connection with the acquisition and the initial grant of EIP options, collectively referred to as acquisition-related compensation expenses). The decrease in incentive compensation was primarily due to a decrease in the number of senior personnel eligible for incentive compensation engaged in day-to-day client management roles, and the decrease in acquisition-related compensation expense was primarily due to a decrease in expense recognition compared to the prior three-month period due to the application of the accounting method for recognizing stock-based compensation, which requires higher expenses initially and declining expenses in subsequent years. The decrease in the number of senior personnel eligible for incentive compensation engaged in day-to-day client management roles and the related increase in the number of senior personnel eligible for incentive compensation engaged in internal management, development and strategic planning discussed under general and administrative expenses reflects an internal realignment of such senior personnel to better address the changing needs of our company primarily as a result of business growth generally. Cost of revenue as a percentage of revenue were 50.5% and 51.9% for the three months ended June 30, 2010 and June 30, 2009, respectively.

Billable Expenses

Billable expenses increased to \$356.3 million in the three months ended June 30, 2010 from \$329.7 million in the three months ended June 30, 2009, or a 8.1% increase, primarily due to increased direct subcontractor expenses of \$28.1 million, which were partially offset by decreases for travel and material expenses incurred of \$5.4 million. The increase in direct subcontractor expenses was primarily attributable to increased use of subcontractors due to increased funded backlog. Billable expenses as a percentage of revenue were 26.6% and 26.8% for the three months ended June 30, 2010 and June 30, 2009, respectively.

General and Administrative Expenses

General and administrative expenses increased to \$200.4 million in the three months ended June 30, 2010 from \$184.7 million in the three months ended June 30, 2009, or an 8.5% increase, primarily due to increases in salaries and salary-related benefits of \$18.6 million and incentive compensation of \$8.0 million, which was primarily due to an increase in the number of senior personnel that became generally eligible for incentive compensation and increased compensation under our annual performance bonus program, as well as an increase in the number of senior personnel eligible for incentive compensation engaged in internal management, development and strategic planning. This increase in general and administrative expenses was also due to increased occupancy expenses of \$4.0 million, employer retirement plan contributions of \$2.6 million and other expenses associated with increased headcount across our general corporate functions, including finance, accounting, legal, and human resources, to prepare us for operating as a public company and support the increased scale of our business. The increase in general and administrative expenses was partially offset by a decrease of \$6.7 million related to travel, recruiting and certain other expenses.

\$6.8 million in acquisition-related compensation expense and \$5.3 million in professional fees. General and administrative expenses as a percentage of revenue were 14.9% and 15.0% for the three months ended June 30, 2010 and June 30, 2009, respectively.

Depreciation and Amortization

Depreciation and amortization decreased to \$19.4 million in the three months ended June 30, 2010 from \$24.0 million in the three months ended June 30, 2009, or a 19.2% decrease, primarily due to a decrease of \$3.0 million in the amortization of our intangible assets, including below market rate leases and contract backlog, that were recorded in connection with the acquisition and amortized based on contractual lease terms and projected future cash flows, respectively, thereby reflecting higher amortization expense initially, and declining expense in subsequent periods. Intangible asset amortization expense decreased to \$2.4 million per month in the three months ended June 30, 2010 compared to \$3.4 million per month in the three months ended June 30, 2009.

Interest Income, Interest (Expense) and Other Expense

Interest income is primarily related to interest on late client payments, as well as interest earned on our cash balances. Interest income decreased to \$312,000 in the three months ended June 30, 2010 from \$515,000 in the three months ended June 30, 2009, or a 39.3% decrease, due to declining interest rates in the marketplace.

Interest expense increased to \$40.4 million in the three months ended June 30, 2010 from \$36.4 million in the three months ended June 30, 2009, or a 10.9% increase, primarily due to debt incurred in connection with the recapitalization transaction in December 2009. In connection with the recapitalization transaction in December 2009, we amended and restated our senior credit facilities to add the Tranche C term facility. Interest accrued on our approximately \$1,563.9 million of debt as of June 30, 2010 at contractually specified rates ranging from 4.0% to 13.0%, and is generally required to be paid to our syndicate of lenders each quarter. Interest expense associated with our senior credit facilities and mezzanine credit facility was \$5.1 million higher in the three months ended June 30, 2010 as compared to the three months ended June 30, 2009. Additionally, amortization of debt issuance costs increased by approximately \$694,000 over the same period, associated with the addition of debt issuance costs incurred in connection with the recapitalization transaction. This increase in interest expense was partially offset by a decrease of \$2.1 million in interest expense related to the deferred payment obligation. In December 2009, we repaid \$78.0 million of the original deferred payment obligation plus interest accrued on the deferred payment obligation of \$22.4 million. Interest continues to be accrued subsequent to December 2009 on the remaining \$80.0 million of the deferred payment obligation.

Other expense increased to \$619,000 in the three months ended June 30, 2010 from \$523,000 in the three months ended June 30, 2009, or an 18.3% increase.

Income (Loss) from Continuing Operations before Income Taxes

Pre-tax income increased to \$48.1 million in the three months ended June 30, 2010 compared to \$16.0 million in the three months ended June 30, 2009. This increase was primarily due to revenue growth, cost efficiencies across our overhead base, lower indirect cost spending and lower acquisition-related compensation expense.

Income Tax Expense

Income tax expense increased to \$19.9 million in the three months ended June 30, 2010 compared to \$7.5 million in the three months ended June 30, 2009, primarily due to higher pre-tax income in the three months ended June 30, 2010 compared to the three months ended June 30, 2009. Our effective tax rate decreased to 41.4% as of June 30, 2010 compared to 47.3% as of June 30, 2009, primarily due to a significant increase in income before income taxes which reduced the impact of certain non-deductible expenses on our effective rate. This effective rate is higher than the statutory rate of 35% primarily due to state taxes and the

limitations on the deductibility of meal and entertainment expenses. The tax expense calculated using this effective tax rate does not equate to current cash tax payments since existing NOLs were used to reduce our tax obligations.

Fiscal 2010 Compared to Pro Forma 2009

Revenue

Revenue increased to \$5,122.6 million in fiscal 2010 from \$4,351.2 million in pro forma 2009, or a 17.7% increase. This revenue increase was primarily driven by the deployment during fiscal 2010 of approximately 1,500 net additional consulting staff against funded backlog. Consulting staff increased during the period due to ongoing recruiting efforts, resulting in additions to consulting staff in excess of attrition. Additions to funded backlog during fiscal 2010 totaled \$5.3 billion as a result of the conversion of unfunded backlog to funded backlog, the award of new contracts and task orders under which funding was appropriated and the exercise and subsequent funding of priced options.

Cost of Revenue

Cost of revenue increased to \$2,654.1 million in fiscal 2010 from \$2,296.3 million in pro forma 2009, or a 15.6% increase, primarily due to increases in salaries and salary-related benefits of \$347.4 million and employer retirement plan contributions of \$27.8 million. The increase in salaries and salary-related benefits was driven by headcount growth of approximately 1,500 net additional consulting staff during fiscal 2010. The increase in employer retirement plan contributions was due to an increase in the number of employees who completed one year of service and became eligible to participate in our Employees' Capital Accumulation Plan. The cost of revenue increase was partially offset by decreases in incentive compensation of \$13.9 million and \$4.5 million in acquisition-related compensation expense. The decrease in incentive compensation was primarily due to a decrease in the number of senior personnel eligible for incentive compensation engaged in day-to-day client management roles, and the decrease in acquisition-related compensation expense was primarily due to a decrease in expense recognition compared to the prior year period due to the application of the accounting method for recognizing stock-based compensation, which requires higher expenses initially and declining expenses in subsequent years. The decrease in the number of senior personnel eligible for incentive compensation engaged in day-to-day client management roles and the related increase in the number of senior personnel eligible for incentive compensation engaged in internal management, development and strategic planning discussed under general and administrative expenses reflects an internal realignment of such senior personnel to better address the changing needs of our company primarily as a result of business growth generally. Cost of revenue was 51.8% and 52.8% of revenue for fiscal 2010 and pro forma 2009, respectively.

Billable Expenses

Billable expenses increased to \$1,361.2 million in fiscal 2010 from \$1,158.3 million in pro forma 2009, or a 17.5% increase, primarily due to increased direct subcontractor expenses and, to a lesser extent, increases for travel and material expenses incurred to support delivery of additional services to our clients under new and existing contracts. The increase in direct subcontractor expenses was primarily attributable to increased use of subcontractors due to increased funded backlog. Billable expenses as a percentage of revenue were 26.6% for each of fiscal 2010 and pro forma 2009.

General and Administrative Expenses

General and administrative expenses increased to \$811.9 million in fiscal 2010 from \$723.8 million in pro forma 2009, or a 12.2% increase, primarily due to increases in salaries and salary-related benefits of \$51.7 million, increase in occupancy costs of \$33.0 million, and incentive compensation of \$32.0 million, which was primarily due to an increase in the number of senior personnel that became generally eligible for incentive compensation and increased compensation under our annual performance bonus program, as well as an increase in the number of senior personnel eligible for incentive compensation engaged in internal

management, development and strategic planning. This increase in general and administrative expenses was also due to an increase in employer retirement plan contributions of \$9.8 million, costs associated with review of internal controls of \$1.4 million and other expenses associated with increased headcount across our general corporate functions, including finance, accounting, legal, and human resources to prepare us for operating as a public company and support the increased scale of our business. The increase in general and administrative expenses was partially offset by a decrease of \$9.0 million in acquisition-related compensation expense, which was principally due to the accounting method for recognizing stock-based compensation expense. The increase in general and administrative expenses was also impacted by a decrease of \$16.1 million in fiscal 2010 compared to pro forma 2009 of transaction expenses. Transaction expenses in fiscal 2010 related to the payment of special dividends to holders of record of our Class A common stock, Class B non-voting common stock and Class C restricted stock as of July 29, 2009 and December 8, 2009, and transaction expenses in pro forma 2009 related to the acquisition, including legal, tax and accounting expenses. General and administrative expenses as a percentage of revenue declined to 15.9% from 16.6% for fiscal 2010 and pro forma 2009, respectively, due to our leveraging of our corporate infrastructure over a larger revenue base.

Depreciation and Amortization

Depreciation and amortization decreased to \$95.8 million in fiscal 2010 from \$106.3 million in pro forma 2009, or a 9.9% decrease, primarily due to a decrease of \$17.2 million in the amortization of our intangible assets, including below market rate leases and contract backlog, that were recorded in connection with the acquisition and amortized based on contractual lease terms and projected future cash flows, respectively, thereby reflecting higher amortization expense initially, and declining expense in subsequent periods. Intangible asset amortization expense decreased to \$3.4 million per month in fiscal 2010 compared to \$4.8 million per month in pro forma 2009.

Interest Income, Interest (Expense) and Other Expense

Interest income decreased to \$1.5 million in fiscal 2010 from \$5.3 million in pro forma 2009, or a 72.4% decrease, due to declining interest rates in the marketplace as well as lower cash balances resulting from the recapitalization transaction.

Interest expense increased to \$150.7 million in fiscal 2010 from \$146.8 million in pro forma 2009, or a 2.7% increase, primarily due to debt incurred in connection with the recapitalization transaction in December 2009. This increase also reflects an increase of \$2.6 million in amortization of debt issuance costs. Interest accrued on our approximately \$1,568.6 million of debt as of March 31, 2010 at contractually specified rates ranging from 4.0% to 13.0%, and is generally required to be paid to our syndicate of lenders each quarter. This increase was partially offset by a decrease in interest expense related to the deferred payment obligation. In December 2009, we repaid \$78.0 million of the original deferred payment obligation plus interest accrued on the deferred payment obligation of \$22.4 million. Interest continues to be accrued subsequent to December 2009 on the remaining \$80.0 million of the deferred payment obligation.

Other expense increased to \$1.3 million in fiscal 2010 from \$182,000 in pro forma 2009.

Income (Loss) from Continuing Operations before Income Taxes

Pre-tax income (loss) was an income of \$49.0 million in fiscal 2010 compared to a loss of \$75.3 million in pro forma 2009. This increase was primarily due to revenue growth, cost efficiencies across our overhead base, lower indirect cost spending and lower acquisition-related compensation expense.

Income Tax Expense (Benefit) from Continuing Operations

Income tax expense (benefit) was an expense of \$23.6 million in fiscal 2010 compared to a benefit of \$25.8 million in pro forma 2009, primarily due to pre-tax income in fiscal 2010 compared to a pre-tax loss in pro forma 2009. The effective tax rate in pro forma 2009 of 34.3% reflects the impact of state taxes and the limitations on the deductibility of meals and entertainment expenses. The tax expense calculated using this

effective tax rate does not equate to current cash tax payments since existing NOLs were used to reduce our tax obligations.

Pro Forma 2009 Compared to Fiscal 2008

Revenue

Revenue increased to \$4,351.2 million in pro forma 2009 from \$3,625.1 million in fiscal 2008, or a 20.0% increase. This revenue increase was primarily driven by the deployment during pro forma 2009 of approximately 2,700 net additional consulting staff against funded backlog. Additions to funded backlog during pro forma 2009 totaled \$4.8 billion as a result of the conversion of unfunded backlog to funded backlog, the award of new contracts and task orders under which funding was appropriated and the exercise and subsequent funding of priced options.

Cost of Revenue

Cost of revenue increased to \$2,296.3 million in pro forma 2009 from \$2,028.8 million in fiscal 2008, or a 13.2% increase, primarily due to increased salaries and salary-related benefits of \$330.9 million, employer retirement plan contributions of \$16.3 million and incentive compensation of \$4.4 million, partially offset by a decrease in stock-based compensation expense of \$7.9 million from fiscal 2008 to pro forma 2009. The increase in salaries and salary-related benefits was driven by headcount growth of approximately 2,700 net additional consulting staff during pro forma 2009. The increase in employer retirement plan contributions was due to an increase in the number of employees who completed one year of service and became eligible to participate in our Employer's Capital Accumulation Plan. Cost of revenue was 52.8% and 56.0% of revenue for pro forma 2009 and fiscal 2008, respectively.

Billable Expenses

Billable expenses increased to \$1,158.3 million in pro forma 2009 from \$935.5 million in fiscal 2008, or a 23.8% increase, primarily due to an increase in direct subcontractor expenses of \$89.9 million to support delivery of additional services to our clients under new and existing contracts. Billable expenses as a percentage of revenue were 26.6% and 25.8% for pro forma 2009 and fiscal 2008, respectively.

General and Administrative Expenses

General and administrative expenses increased to \$723.8 million in pro forma 2009 from \$474.2 million in fiscal 2008, or a 52.6% increase, primarily due to increases in salaries and salary-related benefits of \$33.0 million, incentive compensation of \$28.3 million, which was primarily due to an increase in the number of senior personnel that became generally eligible for incentive compensation and increased compensation under our annual performance bonus program. This increase in general and administrative expenses was also due to an increase in employer retirement plan contributions of \$6.2 million and other expenses associated with increased headcount across our general corporate functions, including finance, accounting, legal, and human resources to support the increase scale of our business. Additionally, pro forma 2009 included the impact of acquisition-related compensation expense of \$55.0 million. The increase also reflects an increase of \$14.2 million of transaction expenses related to the acquisition, including legal, tax and accounting expenses. The increase in general and administrative expenses was partially offset by a decrease in occupancy costs of \$8.2 million. General and administrative expenses as a percentage of revenue were 16.6% and 13.1% for pro forma 2009 and fiscal 2008, respectively.

Depreciation and Amortization

Depreciation and amortization expenses increased to \$106.3 million in pro forma 2009 from \$33.1 million in fiscal 2008, primarily due to the amortization of our intangible assets of \$57.8 million, including below market rate leases and contract backlog, that were recorded in connection with the acquisition and amortized based on contractual lease terms and projected future cash flows, respectively, thereby reflecting higher amortization expense initially, and declining expense in subsequent periods.

Interest Income, Interest (Expense) and Other Income (Expense)

Interest income increased to \$5.3 million in pro forma 2009 from \$2.4 million in fiscal 2008, primarily due to interest earned on the additional cash maintained during the twelve months of operations of pro forma 2009.

Interest expense increased to \$146.8 million in pro forma 2009 from \$2.3 million in fiscal 2008, primarily due to the interest expense incurred associated with our new senior credit facilities, mezzanine credit facility and deferred payment obligation. The increase also reflects amortization of \$3.1 million of debt issuance costs.

Other expense decreased to \$182,000 in pro forma 2009 from \$1.9 million in fiscal 2008.

Income (Loss) from Continuing Operations before Income Taxes

Pre-tax income (loss) was a loss of \$75.3 million in pro forma 2009 compared to an income of \$151.7 million in fiscal 2008, primarily due to interest expense incurred in connection with our new senior credit facilities and mezzanine credit facility and the deferred payment obligation.

Income Taxes Expense (Benefit) from Continuing Operations

Income tax expense (benefit) was a benefit of \$25.8 million in pro forma 2009 compared to an expense of \$62.7 million in fiscal 2008, primarily due to a pre-tax loss in pro forma 2009, compared to a pre-tax income in fiscal 2008.

Fiscal 2010 Compared to Eight Months Ended March 31, 2009

Revenue

Revenue increased to \$5,122.6 million in fiscal 2010 from \$2,941.3 million in the eight months ended March 31, 2009, or a 74.2% increase, primarily due to twelve months of operations included in fiscal 2010 compared to eight months of operations included in the comparison period. This revenue increase was primarily driven by the deployment during fiscal 2010 of approximately 1,500 net additional consulting staff against funded backlog. Additions to funded backlog during fiscal 2010 totaled \$5.3 billion as a result of the conversion of unfunded backlog to funded backlog, the award of new contracts and task orders under which funding was appropriated and the exercise and subsequent funding of priced options.

Cost of Revenue

Cost of revenue increased to \$2,654.1 million in fiscal 2010 from \$1,566.8 million in the eight months ended March 31, 2009, or a 69.4% increase, primarily due to twelve months of operations included in fiscal 2010 compared to eight months of operations included in the comparison period. Increased salaries and salary-related benefits of \$987.5 million, employer retirement plan contributions of \$76.3 million, incentive compensation of \$24.5 million, and acquisition-related compensation expense of \$2.1 million also contributed to the increase. The increase in salaries and salary-related benefits was driven by headcount growth of approximately 1,500 net additional consulting staff during fiscal 2010. Cost of revenue was 51.8% and 53.3% of revenue for fiscal 2010 and the eight months ended March 31, 2009, respectively.

Billable Expenses

Billable expenses increased to \$1,361.2 million in fiscal 2010 from \$756.9 million in the eight months ended March 31, 2009, or a 79.8% increase, primarily due to twelve months of operations included in fiscal 2010 compared to eight months of operations included in the comparison period. An increase in direct subcontractor expenses of \$569.7 million and travel expenses of \$32.5 million, incurred to support delivery of additional services to our clients under new and existing contracts, also contributed to the increase. Billable expenses as a percentage of revenue were 26.6% and 25.7% for fiscal 2010 and the eight months ended March 31, 2009, respectively.

General and Administrative Expenses

General and administrative expenses increased to \$811.9 million in fiscal 2010 from \$505.2 million in the eight months ended March 31, 2009, or a 60.7% increase, primarily due to twelve months of operations included in fiscal 2010 compared to eight months of operations included in the comparison period. This increase also reflects increased salaries and salary-related benefits of \$124.1 million, incentive compensation of \$37.4 million, employer retirement plan contributions of \$14.6 million, acquisition-related compensation expense of \$4.3 million, and other expenses associated with increased headcount across our general corporate functions, including finance, accounting, legal, and human resources, to prepare us for operating as a public company and to support the increased scale of our business. General and administrative expenses as a percentage of revenue were 15.9% and 17.2% for fiscal 2010 and the eight months ended March 31, 2009, respectively. General and administrative expenses as a percentage of revenue declined in fiscal 2010 as compared to the eight months ended March 31, 2009 as we continued to leverage our corporate infrastructure over a larger revenue base.

Depreciation and Amortization

Depreciation and amortization increased to \$95.8 million in fiscal 2010 from \$79.7 million in the eight months ended March 31, 2009, or a 20.2% increase, primarily due to twelve months of operations included in fiscal 2010 compared to eight months of operations included in the comparison period. This increase also reflects the amortization of certain of our intangible assets, including below-market rate leases and contract backlog, that were recorded in connection with the acquisition and amortized based on contractual lease terms and projected future cash flows, respectively.

Interest Income and Interest (Expense)

Our interest income decreased to \$1.5 million in fiscal 2010 from \$4.6 million in the eight months ended March 31, 2009, or a decrease of 68.0%, due to declining interest rates in the marketplace, as well as lower cash balances resulting from the recapitalization transaction.

Interest expense increased to \$150.7 million in fiscal 2010 from \$98.1 million in the eight months ended March 31, 2009, or a 53.7% increase, primarily due to twelve months of operations included in fiscal 2010 compared to eight months of operations included in the comparison period. Debt incurred in connection with the recapitalization transaction in December 2009 also contributed to the increase. In connection with the recapitalization transaction in December 2009, we amended and restated our senior credit facilities to add the Tranche C term facility. Interest accrued on our approximately \$1,568.6 million of debt as of March 31, 2010 at contractually specified rates ranging from 4.0% to 13.0%, and is generally required to be paid to our syndicate of lenders each quarter. In December 2009, we also repaid \$78.0 million of the original deferred payment obligation plus interest accrued on the deferred payment obligation of \$22.4 million. Interest continues to be accrued subsequent to December 2009 on the remaining \$80.0 million of the deferred payment obligation.

Income (Loss) from Continuing Operations before Income Taxes

Pre-tax income (loss) was an income of \$49.0 million in fiscal 2010 compared to a loss of \$60.9 million in the eight months ended March 31, 2009. This increase was primarily due to stronger revenue growth, cost efficiency across our overhead base and lower indirect costs.

Income Tax Expense (Benefit) from Continuing Operations

Income tax expense (benefit) was an expense of \$23.6 million in fiscal 2010 compared to a benefit of \$22.1 million in the eight months ended March 31, 2009, primarily due to a pre-tax income in fiscal 2010 as opposed to a pre-tax loss in the eight months ended March 31, 2009.

Our effective tax rate increased from 36.3% as of March 31, 2009 to an annual rate of 48.1% as of March 31, 2010. This effective rate is higher than the statutory rate of 35% primarily due to state taxes and

the limitations on the deductibility of meal and entertainment expenses. The tax expense calculated using this effective tax rate does not equate to current cash tax payments since existing NOLs were used to reduce our tax obligations.

Eight Months Ended March 31, 2009 Compared to Four Months Ended July 31, 2008

Revenue

Revenue increased to \$2,941.3 million in the eight months ended March 31, 2009 from \$1,409.9 million in the four months ended July 31, 2008, or a 108.6% increase, primarily due to eight months of operations included in the eight months ended March 31, 2009 compared to four months of operations included in the comparison period.

Cost of Revenue

Cost of revenue increased to \$1,566.8 million in the eight months ended March 31, 2009 from \$723.0 million in the four months ended July 31, 2008, or a 116.7% increase, primarily due to eight months of operations included in the eight months ended March 31, 2009 compared to four months of operations included in the comparison period. In the eight months ended March 31, 2009, we experienced increased salaries and salary-related benefits of \$692.1 million, employer retirement plan contributions of \$56.1 million, acquisition-related compensation expense of \$20.5 million, and incentive compensation of \$45.3 million. The increase in salary and salary-related benefits resulted from our need to staff new contract and task order awards as well as additional work under existing contracts. Cost of revenue was 53.3% and 51.3% of revenue for the eight months ended March 31, 2009 and the four months ended July 31, 2008, respectively.

Billable Expenses

Billable expenses increased to \$756.9 million in the eight months ended March 31, 2009 from \$401.4 million in the four months ended July 31, 2008, or a 88.6% increase, primarily due to eight months of operations included in the eight months ended March 31, 2009 compared to four months of operations included in the comparison period. Billable expenses as a percentage of revenue were 25.7% and 28.5% in the eight months ended March 31, 2009 and the four months ended July 31, 2008, respectively. The decrease in billable expenses as a percentage of revenue in the eight months ended March 31, 2009 was due to a higher proportion of subcontractor and material spending in the four months ended July 31, 2008.

General and Administrative Expenses

General and administrative expenses decreased to \$505.2 million in the eight months ended March 31, 2009 from \$726.9 million in the four months ended July 31, 2008, or a 30.5% decrease, primarily related to stock-based compensation expense of \$511.7 million associated with a one-time acceleration of stock rights and the fair value mark-up of redeemable common shares immediately prior to the acquisition in July 2008 compared to \$41.6 million of acquisition-related compensation expense in the eight months ended March 31, 2009. The decrease was partially offset by an increase in salaries and salary-related expenses of \$69.4 million, incentive compensation of \$28.9 million, and other expenses during the eight months ended March 31, 2009 as we increased headcount across our general corporate functions following the acquisition. General and administrative expenses as a percentage of revenue were 17.2% and 51.6% in the eight months ended March 31, 2009 and the four months ended July 31, 2008, respectively.

Depreciation and Amortization

Depreciation and amortization increased to \$79.7 million in the eight months ended March 31, 2009 from \$11.9 million in the four months ended July 31, 2008 primarily due to the amortization of certain of our intangible assets recorded in connection with the acquisition. The increase also reflects eight months of operations included in the eight months ended March 31, 2009 compared to four months of operations included in the comparison period.

Interest Income and Interest (Expense)

Interest income increased to \$4.6 million in the eight months ended March 31, 2009 from \$734,000 in the four months ended July 31, 2008 primarily due to eight months of operations included in the eight months ended March 31, 2009 compared to four months of operations included in the comparison period. Interest earned on the additional cash maintained during the eight months ended March 31, 2009 also contributed to this increase.

Interest expense increased to \$98.1 million in the eight months ended March 31, 2009 from \$1.0 million in the four months ended July 31, 2008 primarily due to debt incurred in connection with the acquisition. Prior to the acquisition, our debt consisted of an unsecured line of credit in the amount of \$245.0 million, which accrued interest at an interest rate of 3.05% for the four months ended July 31, 2008. In connection with the acquisition in July 2008, we incurred significant interest-bearing debt with a syndicate of lenders which held two term loans under our senior credit facilities (Tranche A and Tranche B) and a mezzanine loan under our mezzanine credit facility. During the eight months ended March 31, 2009, interest accrued on our debt at contractually specified rates ranging from 4.0% to 13.0%, and was generally paid to our syndicate of lenders each quarter. Additionally, in connection with the acquisition, we incurred a \$158.0 million deferred payment obligation, which accrues interest at a rate of 5.0% per six-month period.

Income (Loss) from Continuing Operations before Income Taxes

Pre-tax loss decreased to a loss of \$60.9 million in the eight months ended March 31, 2009 from a loss of \$453.7 million in the four months ended July 31, 2008, or a 86.6% decrease, primarily due to stock-based compensation expense related to a one-time acceleration of stock rights and the fair value mark-up of redeemable common stock in connection with the acquisition and significant transaction related costs in the four months ended July 31, 2008, partially offset by increased interest expense associated with the debt incurred as part of the acquisition and the recognition of stock compensation expense related to new stock option plans following the acquisition.

Income Tax Expense (Benefit) from Continuing Operations

Income tax benefit decreased to a benefit of \$22.1 million in the eight months ended March 31, 2009 from a benefit of \$56.1 million in the four months ended July 31, 2008, or a 60.5% decrease, primarily due to a decrease in the pre-tax loss in the eight months ended March 31, 2009 compared to the four months ended July 31, 2008, and the tax treatment of certain costs related to the acquisition. Our effective tax rate of 12.4% for the four months ended July 31, 2008 was reflective of non-deductible acquisition-related costs incurred during the period, primarily equity compensation, for which there was no corresponding tax benefit. The effective tax rate of 36.3% for the eight months ended March 31, 2009 was higher than the statutory rate of 35% primarily due to state taxes.

Four Months Ended July 31, 2008 Compared to Fiscal 2008

Revenue

Revenue decreased to \$1,409.9 million in the four months ended July 31, 2008 from \$3,625.1 million in fiscal 2008, or a 61.1% decrease, primarily due to four months of operations included in the four months ended July 31, 2008 compared to twelve months of operations included in fiscal 2008.

Cost of Revenue

Cost of revenue decreased to \$723.0 million in the four months ended July 31, 2008 from \$2,028.8 million in fiscal 2008, or a 64.4% decrease, primarily due to four months of operations included in the four months ended July 31, 2008 compared to twelve months of operations included in fiscal 2008. Cost of revenue was 51.3% and 56.0% of revenue for the four months ended July 31, 2008 and fiscal 2008, respectively.

Billable Expenses

Billable expenses decreased to \$401.4 million in the four months ended July 31, 2008 from \$935.5 million in fiscal 2008, or a 57.1% decrease, primarily due to four months of operations included in the four months ended July 31, 2008 compared to twelve months of operations included in fiscal 2008. Billable expenses as a percentage of revenue were 28.5% and 25.8% for the four months ended July 31, 2008 and fiscal 2008, respectively.

General and Administrative Expenses

General and administrative expenses increased to \$726.9 million in the four months ended July 31, 2008 from \$474.2 million in fiscal 2008, or a 53.3% increase, primarily due to stock-based compensation expense of \$511.7 million associated with a one-time acceleration of stock rights and the fair value mark-up of redeemable common shares immediately prior to the acquisition. General and administrative expenses as a percentage of revenue were 51.6% and 13.1% for the four months ended July 31, 2008 and fiscal 2008, respectively. General and administrative expenses as a percentage of revenue for the four months ended July 31, 2008 were significantly higher due to the stock-based compensation expense recorded in connection with the acquisition.

Depreciation and Amortization

Depreciation and amortization expenses decreased to \$11.9 million in the four months ended July 31, 2008 from \$33.1 million in fiscal 2008, or a 63.9% decrease, primarily due to four months of operations included in the four months ended July 31, 2008 compared to twelve months of operations included in fiscal 2008.

Interest Income and Interest (Expense)

Interest income decreased to \$734,000 in the four months ended July 31, 2008 from \$2.4 million in fiscal 2008, or a 69.9% decrease, primarily due to four months of operations included in the four months ended July 31, 2008 compared to twelve months of operations included in fiscal 2008.

Interest expense decreased to \$1.0 million in the four months ended July 31, 2008 from \$2.3 million in fiscal 2008, or a 55.0% decrease, primarily due to four months of operations included in the four months ended July 31, 2008 compared to twelve months of operations included in fiscal 2008.

Income (Loss) from Continuing Operations before Income Taxes

Pre-tax income (loss) was a loss of \$453.7 million in the four months ended July 31, 2008 compared to income of \$151.7 million in fiscal 2008, primarily due to the increased stock compensation expense related to a one-time acceleration of stock rights and the fair value mark-up of redeemable common stock in anticipation of the acquisition.

Income Taxes Expense (Benefit) from Continuing Operations

Income tax expense (benefit) was a benefit of \$56.1 million in the four months ended July 31, 2008 compared to an expense of \$62.7 million in fiscal 2008, primarily due to a pre-tax loss for the four months ended July 31, 2008 compared to a pre-tax income in fiscal 2008. Our effective tax rate of 41.3% for fiscal 2008 was higher than the statutory rate of 35%, primarily due to state taxes and equity compensation. Our effective tax rate of 12.4% for the four months ended July 31, 2008 reflected a reduction to the calculated tax benefit at the U.S. statutory and state income tax rate due to non-deductible acquisition-related costs incurred during the period, primarily equity compensation, for which there was no corresponding tax benefit.

Liquidity and Capital Resources

We have historically funded our operations, debt payments, capital expenditures, and discretionary funding needs from our cash from operations. We had \$420.9 million, \$307.8 million and \$300.6 million in cash and cash equivalents as of March 31, 2009, March 31, 2010 and June 30, 2010, respectively. Our long-

term debt amounted to \$1,220.5 million, \$1,546.8 million, and \$1,542.1 million as of March 31, 2009, March 31, 2010, and June 30, 2010, respectively. Our long-term debt bears interest at specified rates and is held by a syndicate of lenders (see Note 11 in our consolidated financial statements).

We expect to use all of the net proceeds of this offering to repay \$ million of the term loan under our mezzanine credit facility, which was \$545.3 million as of June 30, 2010, and pay a related prepayment penalty of \$. As of June 30, 2010, on a pro forma basis as adjusted after giving effect to (i) this offering and the use of the net proceeds therefrom and (ii) the repayment of \$85.0 million of indebtedness under our mezzanine credit facility, we would have had outstanding approximately \$ million in total indebtedness. We will recognize write-offs of certain deferred financing costs and original issue discount associated with that repaid debt. Following the completion of this offering and the use of the net proceeds therefrom, our primary sources of liquidity will be cash flow from operations, either from the payment of invoices for work performed or for advances in excess of costs incurred, and available borrowings under our senior credit facilities.

Our primary uses of cash following this offering will be for:

- operating expenses, including salaries;
- working capital requirements to fund the growth of our business;
- capital expenditures which primarily relate to the purchase of computers, business systems, furniture and leasehold improvements to support our operations; and
- debt service requirements for borrowings under our senior credit facilities and mezzanine credit facility.

We do not currently intend to declare or pay dividends, including special dividends on our Class A common stock, for the foreseeable future. Our ability to pay dividends to our shareholders is limited as a practical matter by restrictions in the credit agreements governing our senior credit facilities and mezzanine credit facility. Any future determination to pay a dividend is subject to the discretion of our Board, and will depend upon various factors, including our results of operations, financial condition, liquidity requirements, restrictions that may be imposed by applicable law and our contracts, our ability to negotiate amendments to the credit agreements governing our senior credit facilities and mezzanine credit facility, and other factors deemed relevant by our Board and our creditors.

By selling shares of our Class A common stock to the public in this offering, we will be able to expand ownership in the firm, gain access to the public capital markets, and pay off a portion of the indebtedness that we incurred in connection with the recapitalization transaction. Since we expect to maintain our current operating model, continue to focus on the quality, training and evaluation of our personnel and continue to focus on our core values, each critical to our continued success, we do not expect our transition to or existence as a public company to affect our client focus or our internal culture.

Generally, cash provided by operating activities has been adequate to fund our operations. Due to fluctuations in our cash flows and the growth in our operations, it may be necessary from time to time in the future to borrow under our credit facilities to meet cash demands. We anticipate that cash provided by operating activities, cash and cash equivalents, and borrowing capacity under our revolving credit facility will be sufficient to meet our anticipated cash requirements for the next twelve months.

Cash Flows

Cash received from clients, either from the payment of invoices for work performed or for advances in excess of costs incurred, is our primary source of cash. We generally do not begin work on contracts until funding is appropriated by the client. Billing timetables and payment terms on our contracts vary based on a number of factors, including whether the contract type is cost-reimbursable, time-and-materials, or fixed-price. We generally bill and collect cash more frequently under cost-reimbursable and time-and-materials contracts, as we are authorized to bill as the costs are incurred or work is performed. In contrast, we may be limited to bill certain fixed-price contracts only when specified milestones, including deliveries, are achieved. A number

of our contracts may provide for performance-based payments, which allow us to bill and collect cash prior to completing the work.

Accounts receivable is the principal component of our working capital and is generally driven by revenue growth with other short-term fluctuations related to the payment practices of our clients. Our accounts receivable reflect amounts billed to our clients as of each balance sheet date. Our clients generally pay our invoices within 30 days of the invoice date. At any month-end, we also include in accounts receivable the revenue that was recognized in the preceding month, which is generally billed early in the following month. Finally, we include in accounts receivable amounts related to revenue accrued in excess of amounts billed, primarily on our fixed-price contracts and cost-plus-award-fee contracts. The total amount of our accounts receivable can vary significantly over time, but is generally sensitive to revenue levels. Total accounts receivable (billed and unbilled combined, net of allowance for doubtful accounts) days sales outstanding, or DSO, which we calculate by dividing total accounts receivable by revenue per day during the relevant fiscal quarter, was 73 and 69 as of March 31, 2009 and March 31, 2010, respectively. DSO was 75 and 69 as of June 30, 2009 and 2010, respectively.

The table below sets forth our net cash flows for continuing operations for the periods presented.

	Predecessor		The Company			
	Twelve Months Ended March 31, 2008	Four Months Ended July 31, 2008	Eight Months Ended March 31, 2009	Twelve Months Ended March 31, 2010	Three Months Ended June 30,	
					2009	2010
	(In thousands)					
					(Unaudited)	(Unaudited)
Net cash provided by (used in) operating activities	\$ 43,791	\$ (26,548)	\$ 180,709	\$ 270,484	\$(61,711)	\$ 10,011
Net cash used in investing activities	(38,527)	(162,976)	(1,660,518)	(10,991)	(6,568)	(14,829)
Net cash (used in) provided by financing activities	(1,413)	211,112	1,900,711	(372,560)	(3,025)	(2,406)
Total increase (decrease) in cash and cash equivalents	\$ 3,851	\$ 21,588	\$ 420,902	\$(113,067)	\$(71,304)	\$ (7,224)

Net Cash from Operating Activities

Net cash from operations is primarily affected by the overall profitability of our contracts, our ability to invoice and collect from our clients in a timely manner, and our ability to manage our vendor payments. Net cash provided by operations was \$10.0 million in the three months ended June 30, 2010, compared to net cash used in operations of \$61.7 million in the three months ended June 30, 2009. The increase in net cash provided by operations in the three months ended June 30, 2010 compared to the three months ended June 30, 2009 was primarily due to net income growth and improved collections of accounts receivable, partially offset by increased cash used for accrued compensation and benefits.

During fiscal 2010, our net cash provided by operations was \$270.5 million, compared to \$180.7 million in the eight months ended March 31, 2009 and net cash used in operations of \$26.5 million in the four months ended July 31, 2008. The increase in net cash provided by operations in fiscal 2010 compared to the eight months ended March 31, 2009 was primarily due to the twelve months of operations included in fiscal 2010 compared to eight months included in the eight months ended March 31, 2009. This increase was also due to improved management of vendor payments and improved cash collection in fiscal 2010, partially offset by accrued compensation and benefits, which included payment of employee bonuses and annual funding of the Employees' Capital Accumulation Plan, our defined contribution plan.

The increase in net cash provided by operations in the eight months ended March 31, 2009 compared to the four months ended July 31, 2008 was primarily due to the eight months of operations included in the eight months ended March 31, 2009 compared to four months included in the four months ended July 31, 2008.

This increase was also due to a loss from discontinued operations in the four months ended July 31, 2008 and transaction costs related to the acquisition in the four months ended July 31, 2008.

Net cash used in operations of the Predecessor was \$26.5 million in the four months ended July 31, 2008 compared to net cash provided by operations of \$43.8 million in fiscal 2008, primarily due to a loss from discontinued operations in the four months ended July 31, 2008, as well as transaction costs related to the acquisition during that period.

Net Cash from Investing Activities

Net cash used in investing activities was \$14.8 million in the three months ended June 30, 2010, compared to \$6.6 million in the three months ended June 30, 2009. The increase in net cash used in investing activities in the three months ended June 30, 2010 compared to the three months ended June 30, 2009 was primarily due to an increase in capital expenditures and expenditures for internally developed software.

Net cash used in investing activities was \$11.0 million for fiscal 2010 compared to \$1,660.5 million in the eight months ended March 31, 2009 and \$163.0 million in the four months ended July 31, 2008. The decrease in fiscal 2010 compared to the eight months ended March 31, 2009 and the increase in the eight months ended March 31, 2009 compared to the four months ended July 31, 2008, were primarily due to \$1.6 billion of cash paid in connection with the acquisition, net of cash acquired of \$28.7 million, which was recorded in the eight months ended March 31, 2009. In fiscal 2010, this was partially offset by an increase in capital expenditures and expenditures for internally developed software.

Net cash used in investing activities of the Predecessor was \$163.0 million in the four months ended July 31, 2008 compared to \$38.5 million in fiscal 2008, primarily due to the Predecessor's investments of \$153.7 million in its discontinued operations during the four months ended July 31, 2008.

Net Cash from Financing Activities

Net cash from financing activities are primarily associated with proceeds from debt and the repayment thereof. Net cash used in financing activities was \$2.4 million in the three months ended June 30, 2010, compared to \$3.0 million in the three months ended June 30, 2009. The decrease in net cash used in financing activities in the three months ended June 30, 2010 compared to the three months ended June 30, 2009 was primarily due to the repayment of debt of \$5.5 million, partially offset by stock option exercises of \$2.5 million and \$552,000 of excess tax benefit from the exercise of stock options.

Net cash used in financing activities was \$372.6 million in fiscal 2010, compared to net cash provided by financing activities of \$1,900.7 million in the eight months ended March 31, 2009 and net cash provided by financing activities of \$211.1 million in the four months ended July 31, 2008. The increase in net cash used in financing activities in fiscal 2010 compared to the eight months ended March 31, 2009 was primarily due to the payment of \$612.4 million in special dividends and repayment of \$100.4 million of the deferred payment obligation and related accrued interest, partially offset by net proceeds of \$341.3 million from loans under Tranche C of our senior credit facilities. The increase in net cash used in financing activities in the eight months ended March 31, 2009 compared to the four months ended July 31, 2008 was primarily due to several factors relating to the acquisition, including proceeds of \$1.2 billion related to our senior credit facilities and our mezzanine credit facility (offset by debt issuance costs of \$45.0 million) and proceeds from the issuance of common stock in connection with the acquisition of \$956.5 million, partially offset by repayment of \$251.1 million of outstanding debt, which were recorded in the eight months ended March 31, 2008.

Net cash provided by financing activities of the Predecessor was \$211.1 million in the four months ended July 31, 2008 compared to net cash used in financing activities of \$1.4 million in fiscal 2008, primarily due to proceeds from debt of \$227.5 million during the four months ended July 31, 2008.

Indebtedness

In connection with the acquisition, we entered into a series of financing transactions. See "The Acquisition and Recapitalization Transaction" and "Description of Certain Indebtedness."

In connection with the acquisition, Booz Allen Hamilton, as borrower, and Booz Allen Investor, as guarantor, entered into our senior credit facilities. Our senior credit facilities consist of a \$125.0 million Tranche A term facility, a \$585.0 million Tranche B term facility, a \$350.0 million Tranche C term facility and a \$245.0 million revolving credit facility. As of March 31, 2010, we had \$110.8 million outstanding under the Tranche A term facility, \$566.8 million outstanding under the Tranche B term facility, and \$345.8 million outstanding under the Tranche C term facility. As of March 31, 2010, no amounts had been drawn under the revolving credit facility. As of March 31, 2010, we were contingently liable under open standby letters of credit and bank guarantees issued by our banks in favor of third parties that total \$1.4 million. These letters of credit and bank guarantees primarily relate to leases and support of insurance obligations. These instruments reduce our available borrowings under the revolving credit facility. As of March 31, 2010, we had \$222.4 million of capacity available for additional borrowings under the revolving credit facility (excluding the \$21.3 million commitment by the successor entity to Lehman Brothers Commercial Bank). As of June 30, 2010, we had \$107.8 million outstanding under the Tranche A term facility, \$565.7 million outstanding under the Tranche B term facility, and \$345.1 million outstanding under the Tranche C term facility. As of June 30, 2010, no amounts had been drawn under the revolving credit facility. As of June 30, 2010, we were contingently liable under open standby letters of credit and bank guarantees issued by our banks in favor of third parties that total \$1.3 million. These letters of credit and bank guarantees primarily relate to leases and support of insurance obligations. These instruments reduce our available borrowings under the revolving credit facility. As of June 30, 2010, we had \$222.4 million of capacity available for additional borrowings under the revolving credit facility (excluding the \$21.3 million commitment by the successor entity to Lehman Brothers Commercial Bank).

In connection with the acquisition, Booz Allen Hamilton, as borrower, and Booz Allen Investor, as guarantor, entered into our mezzanine credit facility, which consists of a \$550.0 million term loan. As of March 31, 2010, we had \$545.2 million of term loans outstanding under our mezzanine credit facility. As of June 30, 2010, we had \$545.3 million of term loans outstanding under our mezzanine credit facility. On August 2, 2010, we repaid approximately \$85.0 million of indebtedness under our mezzanine credit facility and paid a \$2.6 million associated prepayment penalty. We will recognize write-offs of certain deferred financing costs and original issue discount associated with that repaid debt.

The loans under our senior credit facilities are secured by substantially all of our assets and none of such assets will be available to satisfy the claims of our general creditors. The credit agreement governing our senior credit facilities requires the maintenance of certain financial and non-financial covenants. The loans under our mezzanine credit facility are unsecured, and likewise the credit agreement governing our mezzanine credit facility requires the maintenance of certain financial and non-financial covenants, including limitations on indebtedness and liens; mergers, consolidations and dissolutions; dispositions of property; restricted payments; investments and acquisitions; sale and leaseback transactions; transactions with affiliates; and limitations on activities.

In addition, we are required to meet the following financial maintenance covenants at each quarter-end:

- *Consolidated Total Leverage Ratio* — the ratio of total leverage as of the last day of the quarter (defined as the aggregate principal amount of all funded debt, less cash, cash equivalents and permitted liquid investments) to the preceding four quarters' "Consolidated EBITDA" (as defined in the credit agreements governing the credit facilities). For the period ended March 31, 2010, this ratio was required to be less than or equal to 5.75 to 1.0 to comply with our senior credit facilities, and less than 6.9 to 1.0 to comply with our mezzanine credit facility. As of March 31, 2010, we were in compliance with our consolidated total leverage ratio. For the period ended June 30, 2010, this ratio was required to be less than or equal to 5.5 to 1.0 to comply with our senior credit facilities, and less than 6.6 to 1.0 to comply with our mezzanine credit facility. As of June 30, 2010, we were in compliance with our consolidated total leverage ratio with a ratio of 3.34. The ratios for the period ending September 30, 2010 will remain unchanged from those in effect for the period ended June 30, 2010. Effective December 31, 2010, these ratios will decrease to 5.0 to 1.0 for our senior credit facilities and 6.0 to 1.0 for our mezzanine credit facility.

- *Consolidated Net Interest Coverage Ratio* — the ratio of the preceding four quarters' "Consolidated EBITDA" (as defined in our senior credit facilities) to net interest expense for the preceding four quarters (defined as cash interest expense, less the sum of cash interest income and one-time financing fees (to the extent included in consolidated interest expense)). For the period ended March 31, 2010, this ratio was required to be greater than or equal to 1.7 to 1.0 to comply with our senior credit facilities. As of March 31, 2010, we were in compliance with our consolidated net interest coverage ratio. For the period ended June 30, 2010, this ratio was required to be greater than or equal to 1.8 to 1.0 to comply with our senior credit facilities. As of June 30, 2010, we were in compliance with our consolidated net interest coverage ratio with a ratio of 3.04. The ratio for the period ending September 30, 2010 will remain unchanged from the ratio in effect for the period ended June 30, 2010. Effective December 31, 2010, this ratio will increase to 1.9 to 1.0.

Capital Structure and Resources

Our stockholders' equity amounted to \$509.6 million as of March 31, 2010, a decrease of \$550.8 million compared to stockholders' equity of \$1,060.3 million as of March 31, 2009, due to the special dividend paid in July 2009 and the special dividend paid in December 2009 in connection with the recapitalization transaction described above, as well as the reclassification of \$34.4 million from additional paid-in capital to other long-term liabilities related to the reduction to one cent of the strike price of options vested and not yet exercised that would have had an exercise price below zero as a result of the December 2009 dividend. This difference between one cent and the reduced value for shares vested and not yet exercised is reflected in other long-term liabilities on the March 31, 2010 balance sheet, and is to be paid in cash upon exercise of the options. This decrease was partially offset by net income of \$25.4 million for fiscal 2010. Our stockholders' equity amounted to \$552.7 million as of June 30, 2010, an increase of \$43.1 million compared to stockholders' equity of \$509.6 million as of March 31, 2010 primarily due to net income of \$28.2 million in the three months ended June 30, 2010, and stock-based compensation expense of \$15.7 million.

Quantitative and Qualitative Disclosures of Market Risk

Our exposure to market risk for changes in interest rates relates primarily to our outstanding debt, and cash and cash equivalents consisting primarily of funds invested in U.S. government insured money-market accounts and prime money-market funds. As of March 31, 2010 and June 30, 2010, we had \$307.8 million and \$300.6 million, respectively, in cash and cash equivalents and Treasury bills. The interest expense associated with our term loans and any loans under our revolving credit facility will vary with market rates.

Our exposure to market risk for changes in interest rates related to our outstanding debt is somewhat mitigated as the term loans under the Tranche B term facility and Tranche C term facility have LIBOR floors of 3% and 2%, respectively. A significant rise above current interest rate levels would be required to increase our interest expense related to Tranche B and Tranche C. An increase in market interest rates could result in increased interest expense associated with Tranche A, which accounted for 7.1% and 6.9% of our outstanding debt as of March 31, 2010 and June 30, 2010, respectively, and which does not have a LIBOR floor. A hypothetical 1% increase in interest rates would have increased interest expense related to the term facilities under our senior credit facilities by approximately \$1.2 million in fiscal 2010 and \$0.3 million in the three months ended June 30, 2010, and likewise decreased our income and cash flows. A hypothetical increase of LIBOR to 4% would have increased interest expense related to all term facilities under our senior credit facilities by approximately \$13.3 million in fiscal 2010 and \$4.2 million in the three months ended June 30, 2010, and likewise decreased our income and cash flows. As of September 23, 2010, one-month LIBOR was 0.26%. The interest rate on our term loans under our mezzanine credit facility is fixed at 13.0%.

The return on our cash and cash equivalents balance as of March 31, 2010 and June 30, 2010 was less than 1%. Therefore, although investment interest rates may continue to decrease in the future, the corresponding impact to our interest income, and likewise to our income and cash flow, would not be material.

We do not use derivative financial instruments in our investment portfolio and have not entered into any hedging transactions.

Off-Balance Sheet Arrangements

As of June 30, 2010, we did not have any off-balance sheet arrangements.

Contractual Obligations

The following tables summarize our contractual obligations that require us to make future cash payments as of March 31, 2010 on a historical basis and on an as adjusted basis. For contractual obligations, we included payments that we have an unconditional obligation to make. The as adjusted contractual obligations presented below give effect to this offering and the use of the net proceeds therefrom as if these transactions occurred on March 31, 2010.

Contractual Obligations:	Payments Due by Period				
	Total	Less Than 1 Year	1 to 3 Years (In thousands)	3 to 5 Years	More Than 5 Years
Long-term debt(a)(b)	\$ 1,587,850	\$ 21,850	\$ 56,200	\$ 81,200	\$ 1,428,600
Operating lease obligations	287,676	74,447	106,777	69,886	36,566
Interest on indebtedness(b)	812,118	141,677	279,989	272,898	117,554
Deferred payment obligation(c)	63,435	—	—	—	63,435
Liability to Rollover option holders(d)	54,351	6,976	29,422	17,953	—
Tax liabilities for uncertain tax positions — FIN 48(e)	100,178	18,573	40,154	41,451	—
Other	13,319	—	—	13,319	—
Total contractual obligations	\$ 2,918,927	\$ 263,523	\$ 512,542	\$ 496,707	\$ 1,646,155

As Adjusted Contractual Obligations:	Payments Due by Period				
	Total	Less Than 1 Year	1 to 3 Years (In thousands)	3 to 5 Years	More Than 5 Years
Long-term debt(a)(b)	\$	\$	\$	\$	\$
Operating lease obligations	287,676	74,447	106,777	69,886	36,566
Interest on indebtedness(b)	—	—	—	—	—
Deferred payment obligation(c)	63,435	—	—	—	63,435
Liability to Rollover option holders(d)	54,351	6,976	29,422	17,953	—
Tax liabilities for uncertain tax positions — FIN 48(e)	100,178	18,573	40,154	41,451	—
Other	13,319	—	—	13,319	—
Total contractual obligations	\$	\$	\$	\$	\$

(a) See Note 11 to our consolidated financial statements for additional information regarding debt and related matters.

(b) Does not reflect the repayment of \$85.0 million of indebtedness under our mezzanine credit facility on August 2, 2010.

(c) Includes \$17.6 million deferred payment obligation balance, plus current and future interest accruals.

(d) Reflects liabilities to holders of stock options issued under our Officers' Rollover Stock Plan related to the reduction in the exercise price of such options as a result of the July 2009 dividend and the December 2009 dividend.

(e) Includes \$62.4 million of tax liabilities offset by amounts owed under the deferred payment obligation. The remainder is related to other tax liabilities.

In the normal course of business, we enter into agreements with subcontractors and vendors to provide products and services that we consume in our operations or that are delivered to our clients. These products

and services are not considered unconditional obligations until the products and services are actually delivered, at which time we record a liability for our obligation.

Capital Expenditures

Since we do not own any of our own facilities, our capital expenditure requirements primarily relate to the purchase of computers, business systems, furniture and leasehold improvements to support our operations. Direct costs billed to clients are not treated as capital expenses. Our capital expenditures for fiscal 2010 and the three months ended June 30, 2010 were \$49.3 million and \$16.2 million, respectively, and the majority of such capital expenditures related to facilities infrastructure, equipment, and information technology. Expenditures for facilities infrastructure and equipment are generally incurred to support new and existing programs across our business. We also incur capital expenditures for IT to support programs and general enterprise information technology infrastructure.

Commitments and Contingencies

We are subject to a number of reviews, investigations, claims, lawsuits, and other uncertainties related to our business. For a discussion of these items, refer to Note 19 to our consolidated financial statements.

BUSINESS

Overview

We are a leading provider of management and technology consulting services to the U.S. government in the defense, intelligence and civil markets. We are a well-known, trusted and long-term partner to our clients, who seek our expertise and objective advice to address their most important and complex problems. Leveraging our 95-year consulting heritage and a talent base of approximately 23,800 people, we deploy our deep domain knowledge, functional expertise and experience to help our clients achieve their objectives. We have a collaborative culture, supported by our operating model, which helps our professionals identify and respond to emerging trends across the markets we serve and delivers enduring results for our clients. We have grown our revenue organically, without relying on acquisitions, at an 18% CAGR over the 15-year period ended March 31, 2010, reaching \$5.1 billion in revenue in fiscal 2010. We have been a leader in terms of revenue growth relative to the government services businesses of our primary competitors over the last three years.

We were founded in 1914 by Edwin Booz, one of the pioneers of management consulting. In 1940, we began serving the U.S. government by advising the Secretary of the Navy in preparation for World War II. As the needs of our clients have grown more complex, we have expanded beyond our management consulting foundation to develop deep expertise in technology, engineering, and analytics. Today, we serve substantially all of the cabinet-level departments of the U.S. government. Our major clients include the Department of Defense, all branches of the U.S. military, the U.S. Intelligence Community, and civil agencies such as the Department of Homeland Security, the Department of Energy, the Department of Health and Human Services, the Department of the Treasury and the Environmental Protection Agency. We support these clients in addressing complex and pressing challenges such as combating global terrorism, improving cyber capabilities, transforming the healthcare system, improving efficiency and managing change within the government and protecting the environment.

We have strong and longstanding relationships with a diverse group of clients at all levels of the U.S. government. We derived 98% of our revenue in fiscal 2010 from services provided to over 1,300 client organizations across the U.S. government under more than 4,900 contracts and task orders. The single largest entity that we served in fiscal 2010 was the U.S. Army which represented 15% of our revenue in that period. Further, we have served our top ten clients, or their predecessor organizations, for an average of over 20 years. We derived 87% of our revenue in fiscal 2010 from engagements for which we acted as the prime contractor. Also during fiscal 2010, we achieved an overall win rate of 57% on new contracts and task orders for which we competed and a win rate of more than 92% on re-competed contracts and task orders for existing or related business. As of June 30, 2010, our total backlog, including funded, unfunded, and priced options, was \$9.5 billion, an increase of 26% over June 30, 2009.

We attribute the strength of our client relationships, the commitment of our people, and our resulting growth to our management consulting heritage and culture, which instills our relentless focus on delivering value and enduring results to our clients. We operate our business as a single profit center, which drives our ability to collaborate internally and compete externally. Our operating model is built on (1) our dedication to client service, which focuses on leveraging our experience and knowledge to provide differentiated insights, (2) our partnership-style culture and compensation system, which fosters collaboration and the efficient allocation of our people across markets, clients and opportunities, (3) our professional development and 360-degree assessment system, which ensures that our people are aligned with our collaborative culture, core values and ethics and (4) our approach to the market, which leverages our matrix of deep domain expertise in the defense, intelligence and civil markets and our strong capabilities in strategy and organization, analytics, technology and operations.

We are organized and operate as a corporation. Our use of the term “partnership” reflects our collaborative culture, and our use of the term “partner” refers to our Chairman and our Senior and Executive Vice Presidents. The use of the terms “partnership” and “partner” is not meant to create any implication that we operate our company as, or have any intention to create a legal entity that is, a partnership.

Market Opportunity

We believe that the U.S. government is the world's largest consumer of management and technology consulting services and its demand for such services remains strong, driven by the need to manage dynamic and complex issues such as the improvement and effectiveness of national security and homeland security programs, the establishment of new intelligence-gathering processes and infrastructure, protecting against cyber-security threats, and several civil agency reform initiatives. At the same time, the U.S. government is seeking to increase efficiency and improve existing procurement practices. Major changes and crises driven by shifting domestic priorities and external events produce shifts in government policies and priorities that create additional sources of demand for management and technology consulting services.

Large Addressable Markets

The U.S. government's budget for U.S. government fiscal year ended September 30, 2009 was \$3.1 trillion, excluding authorizations from the ARRA, Overseas Contingency Operations, and supplemental funding for the Department of Defense. Of this amount, \$1.0 trillion was for discretionary budget authority, including \$502 billion for the Department of Defense and U.S. Intelligence Community and \$526 billion for civil agencies. Based on data from Bloomberg Finance L.P., approximately \$513 billion of the U.S. government fiscal year 2009 discretionary outlays were for non-intelligence agency and non-ARRA funding-related products and services procured from private contractors. We estimate that \$93 billion of the spending directed towards private contractors in U.S. government fiscal year 2009 was for management and technology consulting services, with \$56 billion spent by the Department of Defense and \$37 billion spent by civil agencies. The agencies of the U.S. Intelligence Community that we serve represent an additional market.

Focus on Efficiency and Transforming Procurement Practices

Focus on Efficiency. There is pressure across the U.S. government to control spending while also improving services for citizens and aggressively pursuing numerous important policy initiatives. This has led to an increased focus on accomplishing more with fewer resources, streamlining information services and processes, improving productivity and reducing fraud, waste and abuse. We believe that the U.S. government will require support in the form of the services that we provide, such as strategy and change management and organization and process improvement to implement these initiatives. Two efficiency initiatives currently being undertaken by the U.S. government are the most recent Base Realignment and Closure Program, pursuant to which military bases and installations are shut down or reorganized to more efficiently support U.S. military forces, and a rebalancing of defense forces and strategy in accordance with the 2010 Quadrennial Defense Review to more effectively meet the demands of current threats in a constrained fiscal environment. To streamline information services and processes and improve productivity, U.S. government agencies are making increased use of information technology, improving the deployment of human capital, and deploying better decision support systems. To reduce fraud, waste and abuse, both the Obama Administration and Congress have recently taken action to reduce improper payments made by the U.S. government to individuals, organizations and contractors that, according to the White House, amounted to \$98 billion in 2009. President Obama signed an Executive Order aimed at reducing improper payments in November 2009 and issued a memorandum ordering the expansion of payment recapture audits in March 2010, and the House of Representatives passed the Improper Payments Elimination and Recovery Bill in April 2010.

Transforming Procurement Practices. Economic pressure has also driven an emphasis on greater accountability, transparency and spending effectiveness in U.S. government procurement practices. Recent efforts to reform procurement practices have focused on (1) decreasing the use of lead system integrators, (2) the unbundling of outsourced projects to link contract payments to specific milestones and project benchmarks in order to ensure timely delivery and adherence to required budgets and outlays and (3) the separation of certain types of work to facilitate objectivity and avoid or mitigate specific organizational conflicts of interest issues, which issues typically arise when providers of products to the U.S. government also provide systems engineering and technical assistance work, acquisition support and other consulting services related to the products being sold. A focus on organizational conflicts of interest issues has resulted in legislation and a proposed regulation aimed at increasing organizational conflicts of interest requirements,

including, among other things, separating sellers of products and providers of advisory services in major defense acquisition programs. We believe that the U.S. government's continued efforts to improve procurement processes will generate increased demand for objective management and technology consulting services.

Complex Defense, Intelligence and Civil Agency Requirements

The U.S. government continually reassesses and updates its long-term priorities and develops new strategies to address the rapidly evolving issues it faces. In order to deliver effective advice in this environment, service providers must possess a comprehensive knowledge of, and experience with, the participants, systems and technology employed by the U.S. government, and must also have an ability to facilitate knowledge sharing while managing varying objectives. For example, within the Department of Defense, the 2010 Quadrennial Defense Review prioritizes support for the war fighter and integrating intelligence, surveillance and reconnaissance systems with weapons and ground operations.

Within the U.S. Intelligence Community and across the U.S. government generally, the current priority is enhancing cyber-capabilities, including cyber-security, in the face of the continually evolving threat of terrorism and the increasing reliance of both the U.S. government and the private sector on critical information technology systems. In U.S. government fiscal year 2009, the U.S. government established CNCI to support and coordinate U.S. cyber initiatives. At the time of CNCI's establishment, the Washington Post reported that the U.S. government would spend approximately \$17 billion over seven years in connection with CNCI.

Within the civil agencies of the U.S. government, there has been an increased focus on financial regulation, energy and environmental issues, healthcare reform and infrastructure-related challenges. The transformation of the nation's healthcare system alone will require significant effort and investment to re-design processes and policies and communicate changes effectively to citizens and healthcare providers. Modernizing healthcare information technology systems is an essential element of this transformation as highlighted by President Obama's Budget Request for U.S. government fiscal year 2011, which includes an allocation of \$6.2 billion for the Department of Health and Human Services to improve and strengthen healthcare information technology and systems. We believe the U.S. government will rely on management and technology consulting service providers to provide research, consulting, implementation and improvement services to develop and manage programs across its various civil agencies and departments.

We believe that the initiatives resulting from these new priorities will result in increased demand for management and technology consulting services.

Major Changes Create Demand

Major changes in the government, political and overall economic landscape drive demand for objective management and technology consulting services and advice. These changes, which can be recurring in nature or more sudden and unexpected, create significant opportunities for us, as clients seek out service providers with the flexibility to rapidly deploy intellectual capital, resources and capabilities.

The inauguration of a new presidential administration is a recurring change that drives the need for objective analysis and advice to help develop and implement new policies and respond to evolving priorities. For example, one of the primary focuses of the Reagan administration was a build-up of U.S. defense forces, while the Clinton administration ushered in the era of e-Government by harnessing the power of the Internet for the first time. Similarly, the Obama administration has been focused on a range of domestic and foreign policy initiatives, including those related to the transformation of the healthcare system. Since 1985, we have grown our business during each presidential administration regardless of the prevailing budgetary environment.

The attacks of September 11, 2001 and the recent financial crisis and economic downturn are examples of sudden and unexpected changes. These developments created urgent needs for changes to policy and the regulatory environment. In response to the September 11 attacks, the U.S. government created the Department of Homeland Security, fully integrating 22 previously distinct agencies to improve oversight and protection of the U.S. homeland. In response to the recent financial crisis, the U.S. government has pursued several

programs to stabilize the U.S. and global economies, including the institution of the Troubled Assets Recovery Program, the Financial Recovery Act of 2009, and ARRA.

Our Value Proposition to Our Clients

As a leading provider of management and technology consulting services to the U.S. government, we believe that we are well positioned to grow across markets characterized by increasing and rapid change. We believe that our dedication to client service, the quality of our people, our management consulting heritage and our client-oriented matrix approach provide the strong foundation necessary for our continued growth.

Our People

Our success as a management and technology consulting firm is highly dependent upon the quality, integrity and dedication of our people.

Superior Talent Base. We have a highly educated talent base of approximately 23,800 people: as of June 30, 2010, 82% held bachelor degrees, 43% held masters degrees and 4% held doctoral degrees (not including employees from ASE, Inc., one of our wholly owned subsidiaries). In addition, many of the U.S. government contracts for which we compete require contractors to have high-level security clearances, and our large pool of cleared employees allows us to meet these needs. As of June 30, 2010, 73% of our people held government security clearances: 25% at Secret and 48% at Top Secret (54% of the latter were Top Secret/Sensitive Compartmented Information). High-level security clearances generally afford a person access to data that affects national security, counterterrorism or counterintelligence, or other highly sensitive data. Persons with the highest security clearance, Top Secret, have access to information that would cause "exceptionally grave damage" to national security if disclosed to the public. Persons with access to the most sensitive and carefully controlled intelligence information hold a Top-Secret/Sensitive Compartmented Information clearance. Persons with the second-highest clearance classification, Secret, have access to information that would cause "serious damage" to national security if disclosed to the public. Through internal referrals and external recruiting efforts, we are able to successfully renew and grow our talent base, and we believe that our ability to attract top level talent is significantly enhanced by our commitment to professional development, our position as a leader in our markets, the high quality of our work and the appeal of our culture. Each year, we typically receive more than 200,000 applications, conduct more than 15,000 interviews and hire approximately 5,000 new people, approximately half of which are hired as a result of referrals from our own people.

Focus on Talent Development. We develop our talent base by providing our people with the opportunity to work on important and complex problems, encouraging and acknowledging contributions of our people at all levels of seniority, and facilitating broad, inclusive and insightful leadership. We also encourage our people to continue developing their substantive skills through continuing education. In fiscal 2010, 75% of our people participated in one or more internal training courses, and 42% of our people took advantage of external training opportunities. Our learning programs, which have consistently been recognized as best-in-class in the industry, include partnerships with universities, vendors and online content providers. These programs offer convenient, cost-effective, quality educational opportunities that are aligned with our core capabilities.

Assessment System that Promotes Collaboration. We use our 360-degree assessment process, an employee assessment tool based on multiple sources, to help promote and enforce the consistency of our collaborative culture, core values and ethics. Each of our approximately 23,800 people receives an annual assessment and also participates in the assessment of other company personnel. Assessments combine this internal feedback from supervisors, peers and subordinates with market input, and each assessment is led by a Booz Allen person outside of the employee's area. Our assessment process is focused on facilitating the continued development of skills and career paths and ensuring the exchange of support and knowledge among our people.

Core Values. We believe that one of the key components of our success is our focus on core values. Our core values are: client service, diversity, excellence, entrepreneurship, teamwork, professionalism, fairness, integrity, respect and trust. All new hires receive extensive training that emphasizes our core values, facilitates

their integration into our collaborative, client-oriented culture and helps to ensure the delivery of consistent and exceptional client service.

The emphasis that we place on our people yields recognized results. External awards and recognition include being named for several consecutive years as one of Fortune Magazine's "100 Best Companies to Work For", one of Consulting Magazine's "Best Firms to Work For" and one of Business Week's "Best Places to Launch a Career."

Our Management Consulting Heritage

Our Approach to Client Service. Over the 70 years that we have been serving the U.S. government, we have cultivated relationships of trust with, and developed a comprehensive understanding of, our clients. This insight regarding our clients, together with our deep domain knowledge and capabilities, enable us to anticipate, identify and address the specific needs of our clients. While working on contract engagements, our people work to develop a holistic understanding of the issues and challenges facing the client to ensure that our advice helps them achieve enduring results.

Partnership-Style Culture and Compensation System. A commitment to teamwork is deeply ingrained in our company, and our partnership-style culture is critical to maintaining this component of our operating model. We manage our company as a single profit center with a partner-style compensation system that focuses on the success of the institution over the success of the individual. This distinctive system fosters internal collaboration that allows us to compete externally by motivating our partners to act in the best interest of the institution. As a result, we are able to emphasize overall client service, and encourage the rapid and efficient allocation of our people across markets, clients and opportunities.

Our Client-Oriented Matrix Approach

We are able to address the complex and evolving needs of our clients and grow our business through the application of our matrix of deep domain knowledge and market-leading capabilities. Through this approach, we deploy our four key capabilities, strategy and organization, analytics, technology, and operations, across our client base. This approach enables us to quickly assemble and deploy, and redeploy when necessary, client-focused teams comprised of people with the skills and expertise needed to address the challenges facing our clients. We believe that our significant win rates on new and re-competed contracts demonstrate the strength of our matrix approach as well as our industry-leading reputation and our proven track record.

Our Strategy for Continued Growth

We serve our clients by identifying, analyzing and solving their most complex problems and anticipating developments that will have near- and long-term impacts on their operations. To serve our clients and grow our business, we intend to execute the following strategies:

Expand Our Business Base

We are focused on growing our presence in our addressable markets primarily by expanding our relationships with, and the capabilities we deliver to, our existing clients. We will continue to help our clients recognize more efficient and effective mission execution by deploying our objective insight and market expertise across current and future contract engagements. We believe that significant growth opportunities exist in our markets, and we intend to:

- *Deepen Our Existing Client Relationships.* The complex and evolving nature of the challenges our clients face requires the application of different core competencies and capabilities. Our approach to client service and collaborative culture enables us to effectively cross-sell and deploy multiple services to existing clients. We plan to leverage our comprehensive understanding of our clients' needs and our track record of successful performance to grow our client relationships and expand the scope of the services we provide to our existing clients.
- *Help Clients Rapidly Respond to Change.* We will continue to help our clients formulate rapid and dynamic responses to the frequent and sometimes sudden changes that they face by leveraging: the scope and scale of our domain expertise, our broad capabilities and our one-firm culture, which allow us to effectively and efficiently allocate our resources and deploy our intellectual capital.

- *Broaden Our Client Base.* We intend to capitalize on our scale, the scope of our domain expertise and core capabilities, and our reputation as a trusted long-term partner to grow our client base. We believe that growing demand for the types of services we provide and our ongoing business initiatives will enable us to leverage our reputation as a trusted partner and industry leader to cultivate new client relationships across all agencies and departments of the U.S. government. We will also continue to build on our current cyber-security related work in the commercial market as permitted under the terms of our non-competition agreement with Spin Co. We will explore new opportunities as those opportunities become available in the commercial market upon termination of those contractual restrictions on July 31, 2011, particularly to the extent that we are able to leverage our core competencies, such as our domain expertise in energy, transportation, health and finance, and our functional capabilities, such as cyber and analytics.

Capitalize on Our Strengths in Emerging Areas

We will continue to leverage our deep domain expertise and broad capabilities to help our clients address emerging issues. Through the early identification of clients' emerging needs and the development of adaptive capabilities to help address those needs, we have established strong competencies and functional capabilities in numerous areas of potential growth, including:

- *Cyber.* Network-enabled technology now forms the backbone of our economy, infrastructure and national security, and recent national policies and initiatives in this area, including CNCI, are creating new cyber-related opportunities. We have been focused on cyber and predecessor areas, such as information assurance, since 1999. We are currently involved in cyber-related initiatives for our defense, intelligence and civil clients and cyber-security initiatives for commercial clients. We are focused on further developing our cyber capabilities to position our company as a leader across the broad and growing range of areas requiring cyber-related services.
- *Government Efficiency and Procurement.* We are focused on helping the U.S. government achieve operating and budgetary efficiencies driven by the need to control spending while simultaneously pursuing numerous policy initiatives. In addition, recent U.S. government reforms in the procurement area may allow us to leverage our status as a large, objective service provider to win additional assignments to the extent that we are able to address organizational conflicts of interest and similar concerns more easily than our competitors.
- *Ongoing Healthcare Transformation.* We expect recent and ongoing developments in the healthcare market, such as the passage of the Affordable Care Act of 2010 and the Health Information Technology for Economic and Clinical Health Act of 2009, to increase demand for our healthcare consulting capabilities. We have been serving healthcare-oriented clients in the U.S. government since the late 1980's. In 2002, we began a focused expansion of our healthcare consulting business, and the current scale of that business, together with our technology-related capabilities, provide us with a strong platform from which to address our clients' increased focus on the interoperability of healthcare IT platforms, healthcare policy, and payment and caregiver reforms.
- *Systems Engineering & Integration.* Our clients are increasingly utilizing SE&I services to help them manage every phase of the development and integration of increasingly sophisticated information technology, communications and mission systems — ranging from satellite and space systems to air traffic control and naval systems. Many SE&I engagements require the application of requisite competencies across the entire range of agencies or departments involved in a particular program. Through the application of our matrix, we have developed deep cross-market knowledge and a combination of engineering, acquisition, management and leadership expertise. We plan to leverage this knowledge and expertise to bid on large-scale SE&I contracts.

Continue to Innovate

We will continue to invest significant resources in our efforts to identify near-term developments and long-term trends that may present significant challenges or opportunities for our clients. Our single profit

center and one-firm culture afford us the flexibility to devote company-wide resources and key intellectual capital to developing the functional capabilities and expertise needed to address those issues. We have regularly allocated significant resources to these business development efforts and have successfully transitioned several such initiatives into meaningful contributors to our business, including:

- our assurance and resilience services area, which generated approximately \$450 million of revenue in fiscal 2010 and which began in 1999 with our efforts to anticipate the challenges posed to federal agencies by IT proliferation; and
- our healthcare consulting services area, which generated approximately \$280 million of revenue in fiscal 2010 and began in the late 1980's with IT work for the Department of Health and Human Services, and expanded rapidly in 2002 as the result of an internal analysis of potential long-term trends which could affect federal health agencies.

We continue to invest in many initiatives at various stages of development. Three such initiatives are:

Cloud Computing. Cloud computing is Internet-based computing whereby shared resources, software and information are provided to computers and other devices on-demand without requiring new user infrastructure. The U.S. government has adopted cloud computing as its preferred information technology environment. Several pilot programs related to the U.S. government's transition to cloud computing are already in progress across its agencies, and cyber-initiatives designed to help ensure the integrity and security of cloud computing environments will be essential to the success of this transition.

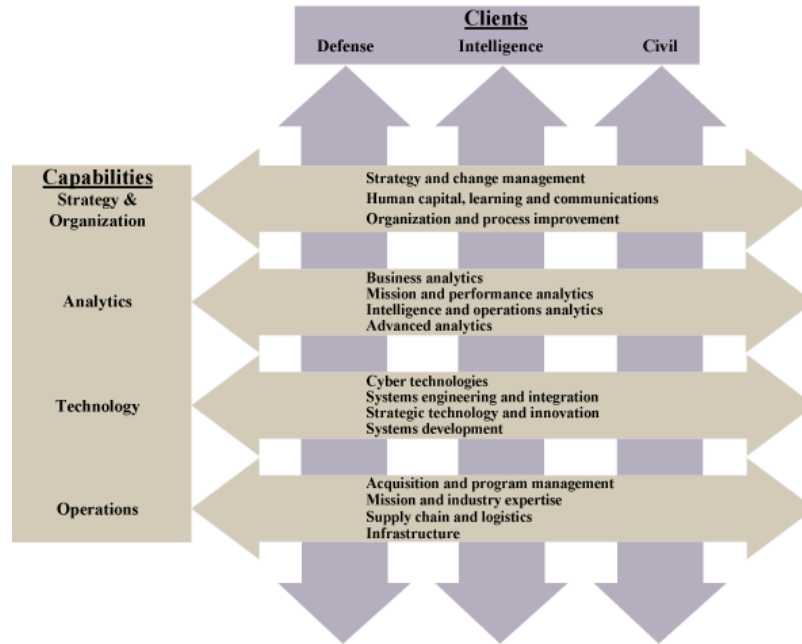
Advanced Analytics. Through our advanced analytics capability, we utilize advanced mathematical and other analytical tools to examine the way in which specific issues relate to data on past, present and projected future actions. Advanced Analytics are critical to our clients' efforts to translate the enormous volumes of data flowing from our nation's investments in information, communications and technology into insight, foresight and decision-making capacity.

Financial Sector. Specialized services are needed to help modernize payment processes, implement new technology to assist financial regulators, and reform and redefine the role and organization of agencies such as the Department of the Treasury, the SEC, the Federal Reserve and the Commodity Futures Trading Commission. In addition, financial services companies in the commercial market have extensive electronic networks and electronic payment processing that require the application of sophisticated cyber-security to deter and defend against cyber-criminals and other actors intent on compromising those systems.

Our Clients and Capabilities

The diagram below illustrates the way we deploy our four capability areas, including specified areas of expertise, to serve our defense, intelligence and civil clients. Our dynamic matrix of functional capabilities and domain expertise plays a critical role in our efforts to deliver results to our clients.

Deployment of Capabilities to Serve Clients



Our Clients

We have strong and longstanding relationships with a diverse group of clients at all levels of the U.S. government.

Selected Long-Term Client Relationships

Client(1)	Relationship Length (Years)
U.S. Navy	70
U.S. Army	60
National Security Agency	25+
Department of Homeland Security	20+
U.S. Air Force	20+
National Reconnaissance Office	15+
A U.S. intelligence agency	15+
Department of Energy	15+
Federal Bureau of Investigation	15+
Internal Revenue Service	10+

(1) Includes predecessor organizations.

Defense Clients

Our reputation and track record in serving the U.S. military and defense agencies spans 70 years. Our defense business revenue represented 55% of our business based on revenue for fiscal 2010. Our revenue in this area for fiscal 2010 was approximately \$2.8 billion. Our key defense clients are set forth below.

- *U.S. Army.* For 60 years, we have addressed challenges for the U.S. Army at the strategic, operational and tactical levels by bringing experienced people, high quality processes and advanced technologies together. We work with our U.S. Army clients to help sustain their land combat capabilities while responding to current demands and preparing for future needs. Recent examples of the services that we have provided include enhancing field intelligence systems, delivering rapid response solutions to counter improvised explosive devices, infusing lifecycle sustainment capabilities to improve distribution and delivery of material, and employing systems and consulting methods to help expand care and support for soldiers and their families. Our clients include Army Headquarters, Army Material Command (AMC), Forces Command (FORSCOM), Training and Doctrine Command (TRADOC), and many Program Executive Offices, Direct Reporting Units and Army Service Component Commands.
- *U.S. Navy/Marine Corps.* We have supported the U.S. Navy for 70 years. We employ a multidimensional approach that analyzes and balances people, processes, technology, and infrastructure to meet their missions of equipping global forces for greater flexibility, mobility and efficiency, sustaining results while reducing costs and integrating new technology. Our clients include the Office of the Secretary of the Navy, Chief of Naval Operations, the Commandant of the Marine Corps to the Office of Naval Intelligence and U.S. Navy/Marine Corps operating commands and systems commands, as well as the Joint Program Executive Offices (PEO) and individual PEOs such as Naval Air Systems Command (NAVAIR), Naval Seas Systems Command (NAVSEA), U.S. Marine Corps Systems Command, and Space and Naval Warfare (SPAWAR).
- *U.S. Air Force/NASA/Aerospace.* We provide integrated strategy and technical services to the U.S. Air Force. Our skilled strategists and technology experts bring diverse capabilities to assignments that include weapons analysis, capability-based planning and aircraft systems engineering. We also support the space industry in applying new technologies, integrating space operations, and using strategies to address the technical issues, cost, schedule and risk of space systems. Our clients include Air Combat Command, Air Force Space Command, Air Force Materiel Command, Air Mobility Command, Air Force Cyber Command, Air Force Pacific Command, NASA, the Defense Information Systems Agency (DISA), the National Reconnaissance Office (NRO) and the National Geospatial-Intelligence Agency (NGA).
- *Joint Staff and Combatant Commands.* We provide mission-critical support to the Office of the Secretary of Defense, the Joint Staff, the Combatant Commands (COCOMs), and other U.S. government departments and agencies during the planning and mission execution phases to meet global mission requirements ranging from integrated intelligence, surveillance and reconnaissance (ISR) to space and global strike operations. Our clients include most major organizations within the Office of the Secretary of Defense and the Department of Defense's agencies, as well as the Pacific Command, Northern Command, Central Command, Southern Command, European Command, Strategic Command, Special Operations Command, and Transportation Command.

Intelligence Clients

We have provided the primary group of government agencies and organizations that carry out intelligence activities for the U.S. government, or the U.S. Intelligence Community, with forward-thinking, success-oriented consulting and mission support services in analysis, systems engineering, program management, operations, organization and change management, budget and resource management, studies and wargaming. This critical business area has strong barriers to entry for competitors because of the specialized expertise and high-level security clearances required. Our intelligence business represented 21% of our business based on

revenue for fiscal 2010. Revenue in this area for fiscal 2010 was approximately \$1.0 billion. Our major intelligence clients include:

- *U.S. Intelligence Agencies.* We provide critical support in strategic planning, policy development, program development and execution, information sharing, architecture, and program management for research and development projects as well as support to reform initiatives flowing from the Intelligence Reform and Terrorism Protection Act. We help clients improve the processes and substance of intelligence information provided to the executive and legislative branches of the U.S. government for policy development and operational decision making.
- *Joint Staff and Unified Combatant Commands.* We deliver comprehensive intelligence analysis, including providing all-source intelligence analysis and open-source intelligence analysis conducted in high intensity environments. We also provide data collection management and analytical systems intelligence training services, and provide intellectual capital and best practices for intelligence activities.
- *Military Intelligence.* We provide consulting services, integrated intelligence and information operations mission support, and a range of counterintelligence services to the U.S. Army, U.S. Air Force, U.S. Navy, Marine Corps, and Defense Intelligence Agency.

Civil Clients

Support to civil government agencies of the U.S. government and U.S.-funded international development work has grown significantly as a percentage of our overall business. The Federal Procurement Data System ranks us 16th on its overall list of top 100 federal contractors for federal fiscal year 2009 based on overall prime contracting dollars. For that same period and using data provided by Bloomberg Finance L.P., we estimate that we ranked 24th based on overall prime contracting dollars for civil clients. Our civil business represented 24% of our business based on revenue for fiscal 2010. Revenue in this area for fiscal 2010 was approximately \$1.2 billion. Our civil government clients include:

- *Financial Services.* We provide support to all major U.S. government finance and treasury organizations charged with the collection, management and protection of the U.S. financial system, including the Department of the Treasury, Internal Revenue Service and other agencies of the Department of the Treasury, Office of the Comptroller of the Currency, Federal Deposit Insurance Corporation, Federal Reserve Board and Banks, the SEC, and Pension Benefit Guaranty Corporation. We create innovative approaches to some of their most challenging problems, including bank receivership, payment channel modernization, cyber initiatives and fraud detection.
- *Health.* We support government clients on innovative projects that help achieve public health missions, including entitlement reform, developing a national health information network, mitigating risk to populations, improving government infrastructure, and facilitating an international public-private sector dialogue on international health issues. Our clients include the Department of Health and Human Services and its agencies, including the U.S. Food and Drug Administration, National Institutes of Health, Centers for Disease Control and Prevention (CDC), the Centers for Medicare and Medicaid Services, the Department of Defense Military Health System and Department of Veterans Affairs.
- *Energy, Transportation and Environment.* We support clients in the transportation, energy and environment sectors which have control over our national infrastructure. We support our clients' efforts to maintain and build infrastructure that is efficient, effective and sustainable. Our services include strategy, operations, technology and engineering. Our clients include the Departments of Energy, Transportation, and Interior and their component agencies, and the Environmental Protection Agency. We also support the Department of Defense in major environmental and infrastructure programs in the United States and Europe.
- *Justice and Homeland Security.* We support the U.S. government's homeland security mission and operations in the areas of intelligence (analysis, information sharing, and risk assessment), operations (coordination, contingency planning, and decision support), strategy, technology and management

(program management and information technology tools), emergency management and response planning, and border, cargo and transportation security. We support law enforcement missions and operations in counterterrorism, intelligence and counterintelligence, and traditional criminal areas (narcotics, white collar crime, organized crime, and violent crime).

- *Business of Government.* We help agencies effectively and efficiently manage the business processes that support government in its provision of services to its citizens, spanning management, personnel, budget operations, information technology and telecommunications. Our clients include the General Services Administration, Office of Management and Budget, Office of Personnel Management, the Congress, and Courts. We also support public sector grant-making agencies, from health and education, to labor and homeland and economic security, serving clients such as the Departments of Agriculture, Homeland Security, Commerce, Education, Labor, and Housing and Urban Development, as well as the National Science Foundation. In addition, we serve our U.S. government clients abroad in helping them resolve systemic global development needs. Our clients include the U.S. Agency for International Development, the Department of State, Millennium Challenge Corporation, and the World Bank.

Our Capabilities

Strategy and Organization

Our strategy and organization capability focuses on helping clients define and achieve their strategic objectives. As of June 30, 2010, we had approximately 2,300 consulting staff providing client service through our strategy and organization capability. We provide transformational programs to improve organizational effectiveness, manage change, and enable client organizations to improve their performance. Our Transformation Life Cycle™ framework and Change Management Advanced Practitioner program provide a proven methodology and credentialed experts to help clients succeed. Our areas of expertise include:

- *Strategy and change management,* helping clients formulate business strategies to meet their mission, and transforming key elements within organizations such as people, processes, technology and physical infrastructure;
- *Organization and process improvement,* redesigning an organization's structure to fit its mission and strategy, aligning its business purpose, and improving operations and performance through business process reengineering, knowledge management, strategic sourcing, shared services and lean six sigma methodologies; and
- *Human capital, learning and communications,* helping clients build new capabilities and increasing workforce performance through competency identification and development of learning programs, designing programs to better manage the workforce for high performance, and building stakeholder understanding and buy-in.

Analytics

Our analytics capability includes advanced analysis, modeling, simulation of conflicts (also known as war-gaming) and other simulations, and accountability tools to help our clients make informed decisions about threats and opportunities, and the practical realities of turning decisions into action, such as resource availability. As of June 30, 2010, we had approximately 5,500 consulting staff providing client service through our analytics capability. Our areas of expertise include:

- *Business analytics,* enabling our clients to optimize decisions regarding resources through financial and economic analysis, financial stewardship and accountability and disciplined contract strategy and program controls;
- *Intelligence and operations analytics,* providing a full spectrum of intelligence analysis, innovative all-source analysis, analytic training and counter-intelligence services to meet persistent challenges and guard against new threats;

- *Mission and performance analytics*, enhancing our clients' ability to weigh alternative futures and make sound decisions that are supported by rigorous methods, including capabilities based assessments, modeling and simulation, policy analysis, threat, vulnerability and risk analysis and war-games; and
- *Advanced analytics*, developing capabilities to exploit very large amounts of information through the use of advanced mathematical techniques to gain insights, create foresight and make predictions to support fact-based decision making for our clients.

Technology

Our technology capability focuses on helping clients solve their mission-critical objectives through the deployment of advanced technology. As of June 30, 2010, we have more than 7,700 highly skilled technology experts and engineers, which comprise our technology capability consulting staff, who maintain deep knowledge of the latest leading technologies. Our experts combine their specialized skills with our problem-solving approach to ensure that we understand a client's mission and objectives and, based on that understanding, design, develop and implement the optimum technology solution. Our areas of expertise include:

- *Cyber technologies*, enabling clients to execute their missions in cyberspace with trusted and secure networks, systems, and information and delivering solutions for full life cycle support, information exchange, collaboration, transportation, and information storage;
- *SE&I*, developing, acquiring, testing and integrating complex systems, integrated acquisition management, program and technical integration, and program and organizational leadership design;
- *Systems development*, designing and deploying information technology solutions, including software development to automate business processes, improve client service, solve mission requirements, and share information effectively and securely; and
- *Strategic technology and innovation*, identifying and incubating advanced technologies, innovation processes, and innovation management critical to the achievement of our clients' goals.

Operations

Our operations capability is focused on the full spectrum of mission execution and delivery from front-end acquisition and program management to infrastructure design and end-to-end supply chain management. Our operations capability helps our clients formulate and implement a strategy to achieve tangible results. As of June 30, 2010, we had approximately 5,200 consulting staff providing client service through our operations capability. Our areas of expertise include:

- *Acquisition and program management*, enabling clients to originate, plan, and execute programs of all types and complexity across the entire program or product lifecycle, including program and project management, acquisition and life cycle services and program integration;
- *Infrastructure*, developing sustainable strategies and executing plans to solve complex challenges across the many natural and man-made infrastructure environments to facilitate a safe, efficient, effective and sustainable project;
- *Mission and industry expertise*, supporting clients across planning and policy development, capability development and management, conceptual and operational requirements, and mission readiness and operational support; and
- *Supply chain and logistics*, formulating and executing supply chain strategies and mission-specific logistics solutions to optimize material, data and human capital flows designed to achieve our client's targets for cost, readiness and operational performance.

Client Case Examples

Our projects require a comprehensive understanding of our clients and their needs, and we have developed a multi-dimensional and adaptable skill set that allows us to provide services under each of our capability areas across our client base. The case examples below illustrate how we have deployed our skill-sets in the strategy and organization, analytics, technology and operations capability areas to provide services to our clients.

- We developed a methodology that dramatically improves the design, cost and management of major weapons programs that we refer to as “Design for Affordability,” and worked closely with the U.S. Navy to achieve significant cost reductions. Launched in 2004, the first Virginia-class submarine cost more than \$3.2 billion to build, which exceeded estimates provided to U.S. Navy officials for this class of over 30 boats. The Chief of Naval Operations subsequently set a target cost of \$2 billion per submarine as a condition for increasing production from one to two boats per year starting in 2012. Electric Boat, the prime contractor, engaged us as a subcontractor to develop a comprehensive strategy for permanently reducing costs to \$2 billion per boat. Our Design for Affordability methodology achieved positive results, which led to the U.S. Navy directly hiring us to extend our methodology across other parts of the submarine value chain in the areas of operations and sustainability. The Design for Affordability methodology utilizes our operations, strategy and organization and analytics capabilities, and we can apply this methodology to help the U.S. government achieve cost-savings in other large acquisition programs such as those for aircraft and combat vehicles.
- We are working with a major client in the U.S. Intelligence Community on cloud computing. We are employing cloud technologies to store, manage, and perform advanced analytics on massive volumes of data to identify patterns that reveal larger trends, yield new insights, and ultimately capture cyber actors’ behavior. In support of our client, we utilize our technology and analytics capabilities to analyze huge stores of historical data in the cloud and build statistical models to understand the behavior, intent, and potential future targets of adversaries attempting to conduct attacks or crimes in cyberspace. Improved cyber analysis using cloud technologies is highly useful for government agencies striving to better share information and integrate intelligence.
- We worked with the CDC to improve its process for ordering, distributing and managing the U.S.’s supply of publicly-funded childhood vaccines through the Vaccines for Children program, a \$3 billion-dollar-a-year initiative that reaches half of all American children. The CDC mission was to respond more effectively to public health crises such as disease outbreaks, vaccine shortages, natural disasters and disruptions of the vaccine supply. We utilized our strategy and organization, operations and technology capabilities and leveraged our expertise in supply chain management, information management and change management to redesign the CDC’s procurement and storage process to allow them to ship inventory in hours instead of weeks. We helped the CDC integrate 64 grantees with formerly separate supply and distribution systems into a single, centrally managed supply chain that has shipped millions of doses of vaccines and realized \$496 million in overall one-time savings with the potential for recurring annual savings.

Contracts

Our portfolio of contracts is highly diversified with no single contract accounting for more than 9% of our revenue in any of fiscal 2008, pro forma 2009 or fiscal 2010, and no single task order under any contract accounting for more than 1% of our revenue in any of fiscal 2008, pro forma 2009 and fiscal 2010. In fiscal 2010, we derived 29% of our revenue from our top 10 contracts and contract vehicles, and over 50% of our revenue was derived from individually awarded task orders under a large number of ID/IQ contract vehicles.

There are two predominant contracting methods by which the U.S. government procures services: definite contracts and indefinite contract vehicles. Each of these is described below:

- Definite contracts call for the performance of specified services or the delivery of specified products. The U.S. government procures services and solutions through single award, definite contracts that

specify the scope of services that will be delivered and identify the contractor that will provide the specified services. When an agency recognizes a need for services or products, it develops an acquisition plan, which details the means by which it will procure those services or products. During the acquisition process, the agency may release a request for information to determine if qualified bidders exist, a draft request for a proposal to allow industry to comment on the scope of work and acquisition strategy, and finally a formal request for a proposal. Following the evaluation of submitted proposals, the agency will award the contract to the winning bidder.

- Indefinite contract vehicles provide for the issuance by the client of orders for services or products under the terms of the contract. Indefinite contracts are formally known as indefinite delivery, indefinite quantity or ID/IQ contracts, and are often referred to as contract vehicles or ordering contracts. ID/IQ contracts may be awarded to one contractor (single award) or several contractors (multiple award). Under a multiple award ID/IQ contract, there is no guarantee of work as contract holders must compete for individual work orders. ID/IQ contracts will often include pre-established labor categories and rates, and the ordering process is streamlined (usually taking less than a month from recognition of a need to an established order with a contractor). ID/IQ contracts often have multi-year terms and unfunded ceiling amounts, thereby enabling but not committing the U.S. government to purchase substantial amounts of products and services from one or more contractors in a streamlined procurement process.
 - ⁱ GWACs and GSA schedules are ID/IQ contracts that are open to all U.S. government agencies. Contract holders compete for individual task orders under both types of ID/IQ contract vehicles. Prices (labor rates) are pre-established under GSA schedules, while prices under GWACs may be pre-established or determined by task order proposal. Agencies may solicit companies directly under GSA schedules and, under GWACs, must work through the agency that operates the GWAC or receive a delegation of authority to use the GWAC. GSA schedules are administered by the General Services Administration and support a wide range of products and services. GWACs are used to procure IT products and services and are administered by the agency soliciting the services or products, with permission from the Office of Management and Budget.

As of September 30, 2009, the end of the U.S. government's fiscal year, there were a total of 39 GSA schedules with over 17,000 schedule holders that generated more than \$37.4 billion in annual sales in U.S. government fiscal year 2009. We were the number three provider under the GSA federal supply schedule program based on revenue with a total of \$899.0 million in revenue during U.S. government fiscal 2009. Based on revenue from our top three GSA schedules, we were the number five contractor on the Information Technology (IT) Schedule 70, the number two contractor on the Mission Oriented Business Integrated Services (MOBIS) Schedule, and the number two contractor on the Professional Engineering Services (PES) Schedule in U.S. government fiscal year 2009.

Listed below are our top three GSA schedules and GWACs based on revenue for each of fiscal 2008, pro forma 2009 and fiscal 2010, the number of active task orders as of March 31, 2010 under each of our top three GSA schedules and GWACs and an aggregation of all other GSA schedules and GWACs. These contract vehicles are available to all U.S. government agencies and the revenue stated is the result of individually competed task orders.

Contract	Fiscal 2008	% of Total Revenue	Pro Forma 2009	% of Total Revenue	Fiscal 2010	% of Total Revenue	Number of Task Orders as of March 31, 2010	Expiration Date
(Revenue in millions)								
Mission Oriented Business Integrated Services (MOBIS) — #874	\$ 187.8	5%	\$ 245.6	6%	\$ 351.7	7%	494	9/30/12
Information Technology (IT) — #70	\$ 330.2	9%	\$ 334.5	8%	\$ 257.7	5%	326	7/30/10
Professional Engineering Services (PES) — #871	\$ 242.8	7%	\$ 243.8	6%	\$ 216.5	4%	287	10/28/14
All Others	\$ 279.4	8%	\$ 339.1	7%	\$ 368.2	7%		
Total	\$1,040.2	29%	\$1,163.0	27%	\$1,194.1	23%		

Listed below are our top single award contract, our top five single award contracts and our top ten single award contracts for fiscal 2010, each based on revenue and the number of active task orders as of March 31, 2010 under these contracts. Eight of our top ten single award contracts and all of our top five single award contracts are ID/IQ contracts. The number of task orders for our top ten contracts does not include task orders under classified contracts due to the fact that information associated with those contracts is classified.

Contract	Fiscal 2010	% of Total Revenue	Number of Task Orders as of March 31, 2010	Expiration Date
(Revenue in millions)				
Top Contract	\$376.0	7%	335	1/8/2013
Top Five Contracts	\$817.1	16%	907	
Top Ten Contracts	\$957.8	19%	961	

Backlog

We define backlog to include the following three components:

- *Funded Backlog.* Funded backlog represents the revenue value of orders for services under existing contracts for which funding is appropriated or otherwise authorized less revenue previously recognized on these contracts.
- *Unfunded Backlog.* Unfunded backlog represents the revenue value of orders for services under existing contracts for which funding has not been appropriated or otherwise authorized.
- *Priced Options.* Priced contract options represent 100% of the revenue value of all future contract option periods that may be exercised at our clients' option and for which funding has not been appropriated or otherwise authorized.

Backlog does not include any task orders under ID/IQ contracts, including GWACs and GSA schedules, except to the extent that task orders have been awarded to us under those contracts.

The following table summarizes the value of our contract backlog at the respective dates presented:

	The Company			
	As of March 31,		As of June 30,	
	2009	2010	2009	2010
	(In millions)			
Backlog:				
Funded	\$ 2,392	\$ 2,528	\$ 2,214	\$ 2,618
Unfunded(1)	1,968	2,453	2,057	2,576
Priced options(2)	2,919	4,032	3,233	4,295
Total backlog	\$ 7,279	\$ 9,013	\$ 7,504	\$ 9,489

(1) Reflects a reduction by management to the revenue value of orders for services under two existing single award ID/IQ contracts based on an established pattern of funding under these contracts by the U.S. government.

(2) Amounts shown reflect 100% of the undiscounted revenue value of all priced options.

We may never realize all of the revenue that is included in our total backlog, and there is a higher degree of risk in this regard with respect to unfunded backlog and priced options.

Our backlog includes orders under contracts that in some cases extend for several years. The U.S. Congress generally appropriates funds for our clients on a yearly basis, even though their contracts with us may call for performance that is expected to take a number of years. As a result, contracts typically are only partially funded at any point during their term and all or some of the work to be performed under the contracts may remain unfunded unless and until the U.S. Congress makes subsequent appropriations and the procuring agency allocates funding to the contract.

Total backlog grew 24% from March 31, 2009 to March 31, 2010 and 26% from June 30, 2009 to June 30, 2010. We cannot predict with any certainty the portion of our backlog that we expect to recognize as revenue in any future period. While we report internally on our backlog on a monthly basis and review backlog upon the occurrence of certain events to determine if any adjustments are necessary, we cannot guarantee that we will recognize any revenue from our backlog. The primary risks that could affect our ability to recognize such revenue are program schedule changes and contract modifications. In our recent experience, none of these or other factors have had a material negative effect on our ability to realize revenue from our funded backlog. Additional risks include the unilateral right of the U.S. government to cancel multi-year contracts and related orders or to terminate existing contracts for convenience or default; cost cutting initiatives and other efforts to reduce U.S. government spending, such as the initiatives recently announced by the Secretary of Defense, which could reduce or delay funding for orders or services; in the case of unfunded backlog, the potential that funding will not be available; and, in the case of priced options, the risk that our clients will not exercise these options. See "Risk Factors — Risks Related to Our Business — We may not realize the full value of our backlog, which may result in lower than expected revenue."

Competition

Due to its size, the government consulting market is highly fragmented. As certain commercial sectors of the consulting market have declined over the past few years, competition within the government professional services industry has intensified. In addition to professional service companies like our own that focus principally on the provision of services to the U.S. government, other companies active in our markets include large defense contractors, diversified service providers and small businesses. Changing government policies are also helping to reshape the competitive landscape. Some large prime contractors are beginning to divest their professional services business units due to the U.S. government's increased sensitivity to organizational conflicts of interest and these divested companies will be free to compete with us without their former organizational conflicts of interest constraints. The formal adoption of FAR organizational conflicts of interest rules or additional more restrictive rules by U.S. government agencies could cause further such divestitures which could further increase competition in our markets. At the other end of the spectrum are small

businesses. Small business are growing in the government services industry due in large part to a push by both the Obama and Bush administrations to bolster the economy by helping small business owners.

In the course of doing business, we compete and collaborate with companies of all types. We strive to maintain positive and productive relationships with these organizations. Some of them hire us as a subcontractor, and we hire some of these other contractors to work with us as our subcontractors. Our major competitors include: (i) contractors focused principally on the provision of services to the U.S. government, such as CACI International, Inc., L-3 Communications Holdings, Inc., ManTech International Corp., SRA International, Inc., and TASC Inc.; (ii) large defense contractors which provide both products and services to the U.S. government, such as General Dynamics Corp., Lockheed Martin Corp., Northrop Grumman Corp., and Raytheon Co.; and (iii) diversified service providers, such as Accenture, Computer Sciences Corp., Deloitte Consulting LLP and SAIC, Inc. We compete on the basis of our technical expertise and client knowledge, our ability to successfully recruit appropriately skilled and experienced talent, our ability to deliver cost-effective multi-faceted services in a timely manner, our reputation and relationship with our clients, past performance, security clearances, and the size and scale of our company.

Patents and Proprietary Information

Our management and technology consulting services and related products are not generally dependent upon patent protection. We claim a proprietary interest in certain of our service offerings and related products, methodologies and know-how. We have several patents but we do not consider our business to be materially dependent on the protection of such patents. Additionally, we have a number of trade secrets that contribute to our success and competitive position, and we endeavor to protect this proprietary information. While protecting trade secrets and proprietary information is important, we are not materially dependent on any specific trade secret or group of trade secrets. Other than licenses to commercially available third-party software, we have no licenses to intellectual property that are significant to our business.

We rely upon a combination of nondisclosure agreements and other contractual arrangements, as well as copyright, trademark, patent and trade secret laws to protect our proprietary information. We also enter into proprietary information and intellectual property agreements with employees, which require them to disclose any inventions created during employment, to convey such rights to inventions to us, and to restrict any disclosure of proprietary information.

Our most important trademark is the "Booz Allen Hamilton" mark, registered in the United States and certain foreign countries. Generally, registered trademarks have perpetual life, provided that they are renewed on a timely basis and continue to be used properly as trademarks. We have three registered trademarks related to our name and logo with the earliest renewal in February 2011. Under a branding agreement entered in connection with the acquisition, Spin Co. was granted a perpetual, exclusive, worldwide, royalty-free license to use "Booz" as a name and mark other than with "Allen" or "Hamilton" and certain other words associated with our business in connection with certain activities. We agreed not to use "Booz" unless it is accompanied by "Allen" or "Hamilton" or both and we are restricted in our use of certain other words associated with Spin Co.'s business. Under certain circumstances, including if certain Spin Co. competitors obtain ownership of Booz Allen Hamilton, the licensed marks will be assigned to Spin Co.

For our work under U.S. government funded contracts and subcontracts, the U.S. government obtains certain rights to data, software and related information developed under such contracts or subcontracts. These rights generally allow the U.S. government to disclose such data, software and related information to third parties, which third parties may include our competitors in some instances. In the case of our work as a subcontractor, our prime contractor may also have certain rights to data, information and products we develop under the subcontract.

Facilities

We do not own any facilities or real estate. Our corporate headquarters are located at 8283 Greensboro Drive, McLean, Virginia 22102. We lease other operating offices and facilities throughout North America, and a limited number of overseas locations. Our principal offices outside of McLean, Virginia include: Annapolis Junction, MD; Rockville, MD; San Diego, CA; and Herndon, VA. Additionally, nationwide we have

approximately 30 Department of Defense approved locations that support classified U.S. government operations. We also have a number of Sensitive Compartmented Information Facilities, which are enclosed areas within buildings that are used to perform classified work for the U.S. Intelligence Community. Many of our employees are located in facilities provided by the U.S. government. The total square footage of our leased offices and facilities is approximately 2.9 million square feet. We believe our facilities meet our current needs, and that additional facilities will be required and available as we expand in the future.

Regulation

As a contractor to the U.S. government, as well as state and local governments, we are heavily regulated in most fields in which we operate. We deal with numerous U.S. government agencies and entities, and when working with these and other entities, we must comply with and are affected by unique laws and regulations relating to the formation, administration and performance of U.S. government contracts. Some significant laws and regulations that affect us include:

- FAR, and agency regulations supplemental thereto, which regulate the formation, administration and performance of U.S. government contracts;
- the Truth in Negotiations Act, which requires certification and disclosure of cost and pricing data in connection with the negotiation of a contract, modification or task order;
- the Procurement Integrity Act, which regulates access to competitor bid and proposal information and certain internal government procurement sensitive information, and our ability to provide compensation to certain former government procurement officials;
- post government employment laws and regulations, which restrict the ability of a contractor to recruit, hire, and deploy former employees of the U.S. government;
- laws, regulations and executive orders restricting the use and dissemination of information classified for national security purposes and the export of certain products, services and technical data, including requirements regarding any applicable licensing of our employees involved in such work; and
- the Cost Accounting Standards and FAR Cost Principles, which impose accounting requirements that govern our right to reimbursement under certain cost-based U.S. government contracts and require consistency of accounting practices over time.

Given the magnitude of our revenue derived from contracts with the Department of Defense, the DCAA is our cognizant government audit agency. The DCAA audits the adequacy of our internal control systems and policies including, among other areas, compensation. As a result of its audits, the DCAA may determine that a portion of our employee compensation is unallowable. See “Risk Factors — Risk Related to Our Industry — Our contracts, performance and administrative processes and systems are subject to audits, reviews, investigations and cost adjustments by the U.S. government, which could reduce our revenue, disrupt our business or otherwise materially adversely affect our results of operations.”

The U.S. government may revise its procurement practices or adopt new contract rules and regulations at any time. In order to help ensure compliance with these laws and regulations, all of our employees are required to attend ethics training at least annually, as well as other compliance training relevant to their position. Internationally, we are subject to special U.S. government laws and regulations (such as the Foreign Corrupt Practices Act), local government regulations and procurement policies and practices, including regulations relating to import-export control, investments, exchange controls and repatriation of earnings, as well as varying currency, political and economic risks.

U.S. government contracts are, by their terms, subject to termination by the U.S. government either for its convenience or default by the contractor. In addition, U.S. government contracts are conditioned upon the continuing availability of Congressional appropriations. Congress usually appropriates funds for a given program on a September 30 fiscal year basis, even though contract performance may take many years. As is common in the industry, our company is subject to business risks, including changes in governmental

appropriations, national defense policies, service modernization plans, and availability of funds. Any of these factors could materially adversely affect our company's business with the U.S. government in the future.

See "Risk Factors — Risks Related to Our Business — We are required to comply with numerous laws and regulations, some of which are highly complex, and our failure to comply could result in fines or civil or criminal penalties or suspension or debarment by the U.S. government that could result in our inability to receive U.S. government contracts, which could materially and adversely affect our results of operations."

Legal Proceedings

Our performance under our U.S. government contracts and our compliance with the terms of those contracts and applicable laws and regulations are subject to continuous audit, review and investigation by the U.S. government. Given the nature of our business, these audits, reviews and investigations may focus, among other areas, on labor time reporting, sensitive and/or classified information access and control, executive compensation and post government employment restrictions. We are not always aware of our status in such matters, but we are currently aware of certain pending audits and investigations involving labor time charging. In addition, from time to time, we are also involved in legal proceedings and investigations arising in the ordinary course of business, including those relating to employment matters, relationships with clients and contractors, intellectual property disputes and other business matters. These legal proceedings seek various remedies, including monetary damages in varying amounts that currently range up to \$26.2 million or are unspecified as to amount. Although the outcome of any such matter is inherently uncertain and may be materially adverse, based on current information, our management does not expect any of the currently ongoing audits, reviews, investigations or litigation to have a material adverse effect on our financial condition and results of operations.

Six former officers and stockholders of the Predecessor who had departed the firm prior to the acquisition have filed a total of nine suits in various jurisdictions, with original filing dates ranging from July 3, 2008 through December 15, 2009 (three of which were amended on July 2, 2010 and then further amended into one consolidated complaint on September 7, 2010), against the Company and certain of the Company's current and former directors and officers. Each of the suits arises out of the acquisition and alleges that the former stockholders are entitled to certain payments that they would have received if they had held their stock at the time of the acquisition. Some of the suits also allege that the acquisition price paid to stockholders was insufficient. The various suits assert claims for breach of contract, tortious interference with contract, breach of fiduciary duty, civil RICO violations, violations of ERISA, and/or securities and common law fraud. Two of these suits have been dismissed with all appeals exhausted and a third suit has been dismissed but the former stockholder has sought leave to re-plead in New York state court. A fourth suit was dismissed by the U.S. District Court for the Southern District of California on September 17, 2010, although the former stockholder has the right to re-plead several of his claims and/or appeal the dismissal. The five remaining suits are pending in the United States District Court for the Southern District of New York. The aggregate alleged damages sought in these five remaining suits is approximately \$298.7 million (\$241.5 million of which is sought to be trebled pursuant to RICO), plus punitive damages, costs, and fees. Although the outcome of any of these cases is inherently uncertain and may be materially adverse, based on current information, our management does not expect them to have a material adverse effect on our financial condition and results of operations.

MANAGEMENT

Executive Officers and Directors

The following table sets forth information about our executive officers and directors as of September 23, 2010:

Name	Age	Position
Ralph W. Shrader	66	Chairman of the Board, President and Chief Executive Officer
Samuel R. Strickland	60	Executive Vice President, Chief Financial Officer, Chief Administrative Officer and Director
CG Appleby	63	Executive Vice President, General Counsel and Secretary
Horacio D. Rozanski	42	Executive Vice President, Chief Strategy and Talent Officer
Joseph E. Garner	62	Executive Vice President
Francis J. Henry, Jr.	59	Executive Vice President
Lloyd Howell, Jr.	44	Executive Vice President
Joseph Logue	45	Executive Vice President
Joseph W. Mahaffee	53	Executive Vice President
John D. Mayer	64	Executive Vice President
John M. McConnell	67	Executive Vice President
Patrick F. Peck	52	Executive Vice President
Peter Clare	45	Director
Ian Fujiyama	38	Director
Allan M. Holt	58	Director
Philip A. Odeen	75	Director
Charles O. Rossotti	69	Director

Prior to October 2009, the title of our most senior position other than Chief Executive Officer was Senior Vice President. In October 2009, we renamed our Senior Vice Presidents as Executive Vice Presidents.

Ralph W. Shrader is our Chairman, Chief Executive Officer and President and has served in these positions since 1999, except for President which dates to the acquisition in 2008. Dr. Shrader has been an employee of our company since 1974. He is the seventh chairman since our company's founding in 1914 and has led our company through a significant period of growth and strategic realignment. Dr. Shrader is active in professional and charitable organizations, and is past Chairman of the Armed Forces Communications and Electronics Association. He is Chairman of The Neediest Kids, Inc. charity and serves on the board of directors of Abilities, Inc., an organization dedicated to improving career opportunities for individuals with disabilities, and the board of directors of ServiceSource, the largest community rehabilitative program in Virginia.

Specific qualifications, experience, skills and expertise include:

- Operating and management experience;
- Understanding of government contracting;
- Core business skills, including financial and strategic planning; and
- Deep understanding of our company, its history and culture.

Samuel R. Strickland is an Executive Vice President and our Chief Financial and Administrative Officer. He has served as our Chief Administrative Officer since 1999 and Chief Financial Officer since 2008. He joined our company in 1995, and became an Executive Vice President in 2004. Mr. Strickland is a member of

the Finance and Operations Group and the Chief Information Officer (CIO) Leadership Council. Mr. Strickland serves on the Board of Trustees at the George Mason University Foundation, Inc.

Specific qualifications, experience, skills and expertise include:

- Finance, financial reporting, compliance and controls expertise;
- Understanding of government contracting; and
- Core business skills, including financial and strategic planning.

CG Appleby is our General Counsel and Chief Legal Officer and Secretary and has served in these positions since 1998. Mr. Appleby has been an employee of our company since 1974. Mr. Appleby is a former president and board member, and current member of the Washington Metropolitan Area Corporate Counsel Association; former president, and current board and executive Committee member, of the Northern Virginia Community Foundation; former chairman and board member, and current member of the Executive Committee, of the Professional Services Council; board member of the Fairfax County, Virginia Chamber of Commerce; Principal of the Council for Excellence in Government; board member of TeamFairfax 2013; and current member of the CharityWorks Advisory Board.

Horacio D. Rozanski is an Executive Vice President and was recently named our Chief Strategy and Talent Officer. He is co-chair of the Finance and Operations Group and a member of the People Strategy Steering Committee. Mr. Rozanski served as the Chief Personnel Officer of our company from 2002 through 2010. Mr. Rozanski joined our company in 1992 and became an Executive Vice President in 2009.

Joseph E. Garner is an Executive Vice President of our company and is the lead for our operations capability. Mr. Garner joined our company in 1983 and became an Executive Vice President in 2001. Mr. Garner is co-chair of the People Strategy Steering Committee and a member of the Finance and Operations Group.

Francis J. Henry, Jr. is an Executive Vice President of our company and is the market lead for the civil business. Mr. Henry joined our company in 1977 and became an Executive Vice President in 2009. Mr. Henry is the chairman of the Employees' Capital Accumulation Plan trustees and co-chair of the Finance and Operations Group.

Lloyd Howell, Jr. is an Executive Vice President of our company and is the client service officer for our financial services clients. Mr. Howell joined our company in 1988, left in 1991, rejoined in 1995 and became an Executive Vice President in 2005. He is chairman of the Ethics & Compliance Committee. Mr. Howell serves on the board of directors of the United Negro College Fund.

Joseph Logue is an Executive Vice President of our company and is the market lead for the defense business. Mr. Logue joined our company in 1997 and became an Executive Vice President in 2009. Previously, he led our former commercial Information Technology practice. He is a member of the Finance and Operations Group.

Joseph W. Mahaffee is an Executive Vice President of our company and is the location lead for our Northeast location. Mr. Mahaffee joined our company in 1981 and became an Executive Vice President in 2007. He is a member of the Technology Capability Leadership Team and the CIO Leadership Team. He is a member of the board of directors of the Independent College Fund of Maryland where he serves as the President of the Executive Steering Committee and Chairman of the National Security Scholarship Program.

John D. Mayer is an Executive Vice President of our company and is responsible for organizational transformation and change management initiatives for public sector clients. Mr. Mayer joined our company in 1997 and became an Executive Vice President in 2009. He is chairman of the board of directors of the Homeland Security and Defense Business Council, a member of the board of the Washington Education and Tennis Foundation, and a member of the Corporate Advisory Board for the Darden School of Business at the University of Virginia.

John M. McConnell is an Executive Vice President of our company and is the market lead for the intelligence business. Mr. McConnell previously served from 2007 through 2009 as U.S. Director of National Intelligence. From 1996 through 2007, Mr. McConnell served as an officer of our company and became an Executive Vice President in 2009.

Patrick F. Peck is an Executive Vice President of our company and is the lead for our technology capability. Mr. Peck joined our company in 1984 and became an Executive Vice President in 2008. Mr. Peck is the co-chair of the CIO Leadership Council. He serves on the board of directors of Junior Achievement's National Capital Area.

Peter Clare has been a member of our Board since 2008. Mr. Clare is a Managing Director of The Carlyle Group, a private equity firm, as well as deputy head of U.S. Buyout and head of the Global Aerospace, Defense and Government Services Group. Mr. Clare has been with The Carlyle Group since 1992. He currently serves on the boards of directors of ARINC, since 2007, Sequa Corporation, since 2007, and Wesco Aircraft, since 2006.

Specific qualifications, experience, skills and expertise include:

- Operating experience;
- Understanding of government contracting;
- Core business skills, including financial and strategic planning;
- Public company directorship and committee experience; and
- Expertise in finance, financial reporting, compliance and controls and global businesses.

Ian Fujiyama has been a member of our Board since 2008. Mr. Fujiyama is a Managing Director of The Carlyle Group, a private equity firm, which he joined in 1997. Beginning in 1999, Mr. Fujiyama spent two years in Hong Kong and Seoul working in Carlyle's Asia buyout fund, Carlyle Asia Partners. He currently serves on the boards of directors of ARINC, since 2007, and United Components, Inc., since 2003.

Specific qualifications, experience, skills and expertise include:

- Operating experience;
- Understanding of government contracting;
- Core business skills, including financial and strategic planning; and
- Expertise in finance, financial reporting, compliance and controls and global businesses.

Allan M. Holt became a member of our Board in 2010. Mr. Holt, a Partner and Managing Director of The Carlyle Group, is currently the head of the U.S. Buyout group focusing on opportunities in the Aerospace/Defense/Government Services, Automotive & Transportation, Consumer, Healthcare, Industrial, Technology and Telecom/Media sectors. Mr. Holt is a graduate of Rutgers University and received his M.B.A. from the University of California, Berkeley. He serves on the boards of directors of HD Supply, Inc., since 2007, Sequa Corporation, since 2007, and SS&C Technologies, Inc., since 2006, as well as on the non-profit boards of directors of The Barker Foundation Endowment Fund, The Hillside Foundation, Inc., The National Children's Museum, and The Smithsonian National Air and Space Museum. Mr. Holt previously served from 2001 through 2006 as a director and Nominating Committee member of Aviall, Inc.

Specific qualifications, experience, skills and expertise, which were the basis for nominating Mr. Holt to our Board, include:

- Operating experience;
- Understanding of government contracting;
- Core business skills, including financial and strategic planning; and
- Experience in finance, financial reporting, compliance and controls and global businesses.

Philip A. Odeen has been a member of our Board since 2008. Mr. Odeen has served as the Chairman of the Board of Directors and Lead Independent Director of AES Corporation since 2009, and he has served as a director of AES since 2003. Mr. Odeen has served as the Chairman of the Board of Convergys Corporation since 2008, and he has served as a director of Convergys since 2000. From 2006 to 2007, Mr. Odeen served as Chairman of the Board for Avaya. He served as Chairman of the Board for Reynolds and Reynolds Company from 2006 to 2007 and was a director of Northrop Grumman from 2003 to 2008. Mr. Odeen retired as Chairman/CEO of TRW Inc. in December 2002. Mr. Odeen has provided leadership and guidance to our Board as a result of his varied global business, governmental and non-profit and charitable organizational experience of over 40 years.

Specific qualifications, experience, skills and expertise include:

- Operating and risk management experience, relevant to the oversight of operational risk management;
- Core business skills, including financial and strategic planning;
- Understanding of government contracting;
- Expertise in strategic planning and executive compensation; and
- Public company directorship and committee experience.

Charles O. Rossotti has been a member of our Board since 2008. Mr. Rossotti has served as a Senior Advisor to The Carlyle Group since June 2003. Prior to this position Mr. Rossotti served as the Commissioner of Internal Revenue of the Internal Revenue Service from 1997 to 2002. Mr. Rossotti co-founded American Management Systems, Inc., an international business and information technology consulting firm in 1970, where he served at various times as President, Chief Executive Officer and Chairman of the Board until 1997. Mr. Rossotti currently serves as a director for Bank of America Corporation, since 2009, and The AES Corporation, since 2003. Mr. Rossotti formerly served as a director of Merrill Lynch & Co., Inc., from 2004 to 2008.

Specific qualifications, experience, skills and expertise include:

- Operating and risk management experience, relevant to the oversight of operational risk management;
- Core business skills, including financial and strategic planning;
- Understanding of government contracting;
- Expertise in finance, financial reporting, compliance and controls and global businesses; and
- Public company directorship and audit committee experience.

Controlled Company

We intend to list our shares of Class A common stock, including the shares offered in this offering, on the New York Stock Exchange. For purposes of New York Stock Exchange rules, we expect to be a "controlled company." Controlled companies under those rules are companies of which more than 50% of the voting power for the election of directors is held by an individual, a group or another company. Carlyle, through Coinvest, will continue to control more than 50% of the combined voting power of our common stock upon completion of this offering and will continue to have the right to designate a majority of the members of our Board for nomination for election and the voting power to elect such directors following this offering. Accordingly, we are eligible to, and we intend to, take advantage of certain exemptions from New York Stock Exchange corporate governance requirements provided in the New York Stock Exchange rules. Specifically, as a controlled company under the New York Stock Exchange rules, we are not required to have (i) a majority of independent directors, (ii) a Nominating Committee composed entirely of independent directors or (iii) a Compensation Committee composed entirely of independent directors.

Board Composition

Our Board is currently composed of seven directors, including Dr. Shrader, our President and Chief Executive Officer, and Chairman of our Board, and Mr. Strickland, our Chief Financial Officer and Chief Administrative Officer. The exact number of members on our Board may be modified (but not reduced to less than three) from time to time exclusively by resolution of our Board. Our amended and restated bylaws will also provide that our Board will be divided into three classes whose members will serve three-year terms expiring in successive years. Directors hold office until the annual meeting of stockholders and until their successors have been duly elected and qualified. The first class, with a term to expire at the 2011 annual stockholders meeting, will consist of Dr. Shrader and Messrs. Clare and Odeen. The second class, with a term to expire at the 2012 annual stockholders meeting, will consist of Messrs. Fujiyama and Strickland. The third class, with a term to expire at the 2013 annual stockholders meeting, will consist of Messrs. Holt and Rossotti.

Under the stockholders agreement, Carlyle is entitled to nominate or designate a majority of the members of our Board. The stockholders agreement provides that at such time as Carlyle, through Coinvest, ceases to own at least 40% of the economic interests in Booz Allen Holding represented by its issued and outstanding common stock, Carlyle and Booz Allen Holding will use commercially reasonable efforts to amend the board representation provisions of the stockholders agreement consistent with the ownership position of Carlyle at that time. Upon effectiveness of the registration statement of which this prospectus forms a part, the stockholders agreement will be amended and restated. Under the amended and restated stockholders agreement, Carlyle will continue to have the right to designate a majority of the members of our Board for nomination for election and Carlyle and our executive officers will be required to vote the voting shares over which they have voting control for such designees.

Board Committees

Our Board has three standing committees: an Executive Committee, an Audit Committee and a Compensation Committee. Effective upon completion of this offering, our Board will also have a Nominating and Corporate Governance Committee. Under the New York Stock Exchange rules, we will be required to have one independent director on our Audit Committee during the 90-day period beginning on the date of effectiveness of the registration statement filed with the SEC in connection with this offering. After such 90-day period and until one year from the date of effectiveness of the registration statement, we are required to have a majority of independent directors on our Audit Committee. Thereafter, our Audit Committee is required to be comprised entirely of independent directors. As a New York Stock Exchange controlled company, we are not required to have independent Nominating and Corporate Governance and Compensation Committees. The following is a brief description of our committees.

Executive Committee

Our Executive Committee is responsible, among its other duties and responsibilities, for assisting our Board in fulfilling its responsibilities. Our Executive Committee is responsible for approving certain corporate actions and transactions, including acquisitions of assets other than in the ordinary course and outside hires or terminations above the senior associate level. Effective upon completion of this offering, the members of our Executive Committee will be Dr. Shrader (Chairman) and Messrs. Clare and Fujiyama. The charter of our Executive Committee will be available without charge on the investor relations portion of our website upon completion of this offering.

Audit Committee

Our Audit Committee is responsible, among its other duties and responsibilities, for overseeing our accounting and financial reporting processes, the audits of our financial statements, the qualifications and independence of our independent registered public accounting firm, the effectiveness of our internal control over financial reporting and the performance of our internal audit function and independent registered public accounting firm. Our Audit Committee reviews and assesses the qualitative aspects of our financial reporting, our processes to manage business and financial risks, and our compliance with significant applicable legal,

ethical and regulatory requirements. Our Audit Committee is directly responsible for the appointment, compensation, retention and oversight of our independent registered public accounting firm. The charter of our Audit Committee will be available without charge on the investor relations portion of our website upon completion of this offering.

Effective upon completion of this offering, Messrs. Rossotti (Chairman), Clare, Fujiyama and Odeen will be members of our Audit Committee. It is anticipated that upon effectiveness of the registration statement of which the prospectus forms a part, the Audit Committee will consist of one independent director, Mr. Odeen. Rule 10A-3 of the Exchange Act requires us to have a majority of independent audit committee members within 90 days and all independent audit committee members (within the meaning of Rule 10A-3) within one year of the effectiveness of the registration statement of which the prospectus forms a part. We intend to comply with these independence requirements within the appropriate time periods.

Compensation Committee

Our Compensation Committee is responsible, among its other duties and responsibilities, for reviewing and approving all forms of compensation to be provided to, and employment agreements with, the executive officers and directors of our company and its subsidiaries (including the Chief Executive Officer), establishing the general compensation policies of our company and its subsidiaries and reviewing, approving and overseeing the administration of the employee benefits plans of our company and its subsidiaries. Our Compensation Committee also periodically reviews management development and succession plans. Effective upon completion of this offering, the members of our Compensation Committee will be Messrs. Odeen (Chairman), Clare and Fujiyama. The charter of our Compensation Committee will be available without charge on the investor relations portion of our website upon completion of this offering.

Nominating and Corporate Governance Committee

Our Nominating and Corporate Governance Committee will be responsible, among its other duties and responsibilities, for identifying and recommending candidates to the Board for election to our Board, reviewing the composition of the Board and its committees, developing and recommending to the Board corporate governance guidelines that are applicable to us, and overseeing Board and Board committee evaluations. Effective upon completion of this offering, the members of our Nominating and Corporate Governance Committee will be Dr. Shrader (Chairman) and Messrs. Clare and Fujiyama.

Code of Ethics

Effective upon completion of this offering, our Board will adopt a new written Code of Ethics and Conduct applicable to our directors, chief executive officer, chief financial officer, controller and all other officers and employees of Booz Allen Holding and its subsidiaries worldwide. Copies of the Code of Ethics will be available without charge on the investor relations portion of our website upon completion of this offering or upon request in writing to Booz Allen Hamilton Holding Corporation, 8283 Greensboro Drive, McLean, Virginia 22102, Attention: Corporate Secretary.

Director Compensation

Directors who are employed by us or by Carlyle do not receive any additional compensation for their services as a director. Our other directors, Philip A. Odeen and Charles O. Rossotti, are paid \$100,000 per annum for their services on our Board. The directors may elect to receive payment in cash or restricted shares of our Class A common stock. Messrs. Odeen and Rossotti also received a grant of options under our Equity Incentive Plan in fiscal 2010 as compensation for joining our Board. Messrs. Odeen and Rossotti were also afforded the opportunity to purchase shares of our Class A common stock at fair market value. Mr. Rossotti purchased 3,905 shares of our Class A common stock in May 2010.

Our Board has adopted a new compensation policy for directors who are not also employees of our Company or Carlyle that will be effective for fiscal 2012 and that is expected to more closely align their compensation with the compensation of directors of similarly situated public companies and attract highly

qualified candidates to serve on our Board. Non-employee directors will receive an annual cash retainer of \$100,000 and an annual equity award with a fair market value equal to \$50,000. In addition, the chair of our Audit Committee will receive an additional annual payment of \$20,000 in cash, the chair of our Compensation Committee will receive an additional annual payment of \$15,000 in cash, and the chairs of each other committee of our Board will receive an additional annual payment of \$10,000 in cash. Directors may elect to receive all or a portion of their cash compensation in the form of equity. The equity awards will be granted under our Equity Incentive Plan. Our directors will not receive additional fees for attending Board or committee meetings.

The amount paid to Messrs. Odeen and Rossotti for their service on our Board in fiscal 2010 is reflected in the table below.

Director Compensation Table

Name and Principal Position	Fees Earned or Paid in Cash (\$)	Option Awards (\$)(1)	Stock Awards (\$)	Other(2) (\$)	Total (\$)
Philip A. Odeen	100,000(3)	55,610	57(3)	14,450	170,117
Charles O. Rossotti	100,000(4)	55,610	—(4)	28,889	184,499

(1) This column represents the grant date fair value of the options granted to our directors in fiscal 2010. The aggregate fair value of the awards was computed in accordance with FASB ASC Topic 718 based on the probable outcome of the performance conditions using the valuation methodology and assumptions set forth in Note 17 to our financial statements for the fiscal year ended March 31, 2010, which are incorporated by reference herein, modified to exclude any forfeiture assumptions related to service-based vesting conditions. The amounts in this column do not reflect the value, if any, that ultimately may be realized by the director.

The following table sets forth, by grant date, the aggregate number of stock awards outstanding at the end of fiscal 2010.

Option Awards for Service as a Director

Name	Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options Unexercisable	Option Awards		
			Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options	Option Exercise Price (\$)	Option Expiration Date
Philip A. Odeen	200	267(a)	355(b)	60.77	05/07/2019
			178(c)	60.77	05/07/2019
Charles O. Rossotti	200	267(a)	355(b)	60.77	05/07/2019
			178(c)	60.77	05/07/2019

- (a) The options vest and become exercisable, subject to the continued service of the director, ratably on June 30, 2009, 2010, 2011, 2012 and 2013. All service-vesting options fully vest and become exercisable immediately prior to the effective date of certain change in control events.
- (b) The options vest and become exercisable, subject to the continued service of the director, ratably on June 30, 2009, 2010, 2011, 2012 and 2013 based on achievement of EBITDA performance goals, with the ability to “catch up” on missed goals if (x) the missed performance goal was at least 90% of target level and (y) cumulative EBITDA performance reaches the target cumulative levels during the five-year vesting period. In addition, any unvested performance options at the time of a change in control event vest immediately prior to the effective date of the event if Carlyle achieves a specified internal rate of return as a result of the event or the investment proceeds to Carlyle are at least a specified multiple of their invested capital.

- (c) The options vest and become exercisable, subject to the continued service of the director, ratably on June 30, 2009, 2010, 2011, 2012 and 2013 based on achievement of cumulative cash flow performance goals, with the ability to “catch up” on missed goals if cumulative achievement reaches the target cumulative levels during the five-year vesting period. In addition, any unvested performance options at the time of a change in control event vest immediately prior to the effective date of event if Carlyle achieves a specified internal rate of return as a result of the event or the investment proceeds to Carlyle are at least a specified multiple of their invested capital.
- (2) On July 27, 2009, our Board approved a special dividend of \$10.87 per share paid on July 29, 2009 to holders of our Class A common stock, Class B non-voting common stock and Class C restricted common stock as of July 29, 2009. In addition, on December 7, 2009, our Board approved a special dividend of \$46.42 per share paid on December 11, 2009 to holders of record of Class A common stock, Class B non-voting common stock and Class C restricted common stock as of December 8, 2009. The amount set forth in the table reflects the dividends received by Messrs. Odeen and Rossotti with respect to their unvested Class A restricted common stock. Messrs. Odeen and Rossotti also received dividends of \$9,841 and \$19,682, respectively, on the restricted stock granted for fiscal 2010 that vested prior to the December 8, 2009 dividend record date, which amounts are not compensation and therefore are not reflected in the Director Compensation Table.
- (3) Mr. Odeen elected to receive half of his compensation in the form of restricted stock, and was granted 424 shares of restricted Class A common stock in lieu of \$50,000 of the cash payment. The shares of restricted stock awarded for services performed in fiscal 2010 vested in equal installments on September 30, 2009 and March 31, 2010. The grant date fair market value of the shares was \$50,057, based on the \$118.06 value of our stock on the May 7, 2009 grant date. Mr. Odeen also received a grant of 212 shares of stock in fiscal 2010 in lieu of half of his cash compensation for services as a director in fiscal 2009. These shares were vested immediately on grant and are not reflected in the Director Compensation Table as they were paid with respect to his services performed during fiscal 2009.
- (4) Mr. Rossotti elected to receive his entire compensation in the form of restricted stock, and was granted 847 shares of restricted Class A common stock in lieu of the cash payment. The shares of restricted stock awarded for services performed in fiscal 2010 vested in equal installments on September 30, 2009 and March 31, 2010. The grant date fair market value of the shares was \$99,997, based on the \$118.06 value of our stock on the May 7, 2009 grant date. Mr. Rossotti also received a grant of 424 shares of stock in fiscal 2010 in lieu of his cash compensation for services as a director in fiscal 2009. These shares were vested immediately on grant and are not reflected in the Director Compensation Table as they were paid with respect to his services performed during fiscal 2009.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The following discussion and analysis of compensation arrangements of our named executive officers for fiscal 2010 (as set forth in the Summary Compensation Table below) should be read together with the compensation tables and related disclosures set forth below. This discussion contains forward-looking statements that are based on our current plans, considerations, expectations and determinations regarding future compensation programs. Actual compensation programs that we adopt may differ materially from the currently planned programs summarized in this discussion.

Named Executive Officers

Our named executive officers for fiscal 2010 are: Ralph W. Shrader, our President and Chief Executive Officer, Samuel R. Strickland, our Chief Financial Officer, and three of our Executive Vice Presidents, CG Appleby, Joseph E. Garner, and John M. McConnell.

Executive Compensation Philosophy and Objectives

Although we are a corporation, we operate with a partnership-style culture and compensation system that fosters internal collaboration. Our compensation structure for our officers is centered around a transparent compensation system and a single profit center and firm-wide bonus pool. This distinctive system fosters internal collaboration which allows us to compete externally by motivating our officers to act in the best interest of the firm through an emphasis on client service and by encouraging the rapid and efficient allocation of our people across markets, clients and opportunities.

Utilizing this philosophy, our executive compensation program has been designed to:

- attract, motivate and retain executives of outstanding ability to meet and exceed the demands of our clients;
- focus management on optimizing stockholder value and fostering an ownership culture;
- create appropriate rewards for outstanding performance and penalties for under-performance; and
- provide competitive rewards and foster collaboration by:
 - rewarding executives for their contribution to our overall performance and financial success and, at the same time, recognizing the spirit and culture of collaboration that has defined us throughout our history; and
 - determining and allocating incentives based on our performance as a whole while measuring individual performance over the long term to facilitate long-term investment and resource allocation.

Setting Executive Compensation

Our Compensation Committee is responsible for evaluating the compensation levels for our executive officers, including our named executive officers. The committee takes into consideration, based upon their collective experience and reasoned business judgment, labor market data and recommendations from management. Management's recommendations are based on an extensive, 360-degree assessment process executed by the officers and overseen by the executive officers. Our executive compensation program is based on a core belief that transparency and peer-pressure increase overall performance, and that executive impact must be measured over both a short- and long-term horizon in order to maximize stockholder value creation. Accordingly, all executives within one of our six officer compensation bands (more fully described below) receive the same compensation, which is based on overall firm performance, and sustained individual performance is rewarded through accelerated progression through the levels. Our Chief Executive Officer is in a separate level from other officers that receives 10% more than the executives in the next highest level, recognizing his unique role.

Our Compensation Committee has the goal of structuring a compensation program that allows us to attract and retain top tier talent and provide significant incentives for exceeding our performance targets and significant penalties for underperformance. Our Compensation Committee has recognized that our current compensation program has focused on cash compensation based on annual financial performance.

It is anticipated that we will modify our compensation programs in the future to provide for a greater proportion of equity-based incentives that vest over a longer term as contrasted with current compensation and incentives.

We use relevant quantitative and qualitative measures to set compensation for the fiscal year based on overall performance objectives and broad market parameters. Currently, our management obtains market analysis and executive compensation survey data from nationally recognized survey providers, including Towers Perrin Executive Survey, Mercer Executive Survey, CHiPS Executive and Senior Management Total Compensation Survey, and Watson Wyatt Top Management Survey. We segment these surveys based on company revenue and government contracting and professional services industries. We do not use survey data to set compensation; instead, we use it as a check to confirm that our compensation is within a competitive range. In addition, our management consults with William M. Mercer, Inc., which provides executive compensation design, best practice data and assists us in determining market competitive positioning.

Historically, our Chief Executive Officer has participated in Compensation Committee meetings as a member of the committee and made recommendations to our Compensation Committee with respect to the setting of performance targets for our executive officers. Upon completion of this offering, our Chief Executive Officer will not be a member of our Compensation Committee. Nevertheless, we expect that he will continue to provide input to our Compensation Committee regarding our executive compensation programs, as, and to the extent, requested by our Compensation Committee.

Elements of Compensation

Our executive compensation consists of the following components, which are designed to provide a mix of fixed and at-risk compensation that is heavily tied to the achievement of our short and long term financial goals and designed to promote a long-term career with our company:

- cash compensation, a portion of which is paid as base salary, designed to reflect the requirements of the marketplace in order to attract and keep our executive talent, and a portion of which is short-term cash incentive compensation (consisting of annual cash bonuses), designed to reward our executive officers for annual improvements in key areas of our operational and financial performance;
- long-term equity incentive plans, designed to reward our executive officers for growing our company over the long term and aligning our executive officers' interests with our stockholders;
- retirement benefits, designed to build financial security for our executive officers and promote a long-term career with our company, including a defined contribution 401(k) plan, company contributions to the defined contribution 401(k) plan and annual cash payments to supplement the contribution in cases where the IRS retirement contribution limits are reached, a lump-sum retirement payment and employer-paid retiree healthcare; and
- executive benefits, including enhanced health and welfare benefits, financial counseling and club memberships.

A detailed description of these components is provided below.

A substantial amount of each executive officer's total annual cash compensation opportunity is at-risk and tied to our annual financial performance.

Cash Compensation. As discussed above, our compensation program is structured to drive company-wide performance by encouraging internal collaboration and client service through the fluid application of resources to where they can add the most value. Key to this program is a cohort structure under which all officers are assigned to one of six bands plus a separate and distinct band for our Chief Executive Officer.

Each band is assigned a standard number of points per executive with all executives within the band assigned the same number of points. The number of points assigned to each executive in each band remains constant from year to year, however the planned monetary value of each point is evaluated annually based on a number of factors discussed below. The dollar value of each point is the same across all cohort bands. Officers progress upward through the bands based on their competencies and performance over time.

Prior to the start of our fiscal year, the Chief Strategy and Talent Officer, together with the Chief Financial Officer, establish an appropriate level of cash compensation within each band by reviewing historical compensation levels and adjusting those levels to reflect factors such as projected profitability for the coming fiscal year compared to the current fiscal year. The result is then compared to market survey data as a check to confirm that the compensation within each band is within a competitive range and to ensure that cash compensation opportunities for each band are at a level that allows us to attract and retain key talent. The result is the recommendation of a per point value that is multiplied by the number of points assigned to each executive to determine a planned annual cash compensation. Although the monetary point value for each band is reviewed annually, changes do not ordinarily occur every year. A portion of the cash compensation is designated as base salary and is paid monthly. The remaining portion of the cash compensation is designated as an incentive bonus which is paid annually based on achievement of company performance targets with upward or downward adjustments for exceeding or falling below the targets. Our Compensation Committee reviews the recommendation from management as well as the market information provided and approves a monetary value for each point and therefore the base salary and total cash compensation for each executive assuming firm targets are achieved. For fiscal 2010, the monetary value per point was increased across all bands by approximately 3% over the prior fiscal year to recognize the greater difficulty in reaching our growth targets in light of the economic environment. The increase was allocated to the incentive bonus opportunity rather than base salary because of our performance-driven compensation focus. Because of this focus, base salary levels within each band have not increased in several years and did not increase for fiscal 2010.

As discussed above, our Chief Executive Officer, Dr. Shrader, is in a distinct band and receives 10% higher cash compensation than the executive officers in the next highest band due to his unique responsibilities. Messrs. Appleby, Garner and McConnell were in our highest band (excluding the band for our Chief Executive Officer) because of their level of experience and performance over time and ability to impact financial performance (in the case of Messrs. Garner and McConnell) and our business operations (in the case of Mr. Appleby) and accordingly received the same cash compensation for fiscal 2010. Mr. Strickland was in the second highest band (excluding the band for our Chief Executive Officer) because of his level of experience, performance over time and impact on our financial operations and, accordingly, received the same cash compensation for fiscal 2010 as the other officers in his band.

For fiscal 2010, each of our named executive officers earned the base salary set forth in the "Salary" column of the Summary Compensation Table. Base salary levels within each band will remain the same for fiscal 2011. However Mr. Strickland's salary for fiscal 2011 will increase as a result of his promotion, effective April 1, 2010, to align his salary with that of his new cohort band.

The annual incentive portion of our executive officers' cash compensation is provided through our annual performance bonus program. The bonus portion of the total cash compensation as discussed above creates an aggregate bonus pool for the year. The bonus pool is established by multiplying the bonus portion of the point value times the aggregate number of points (reduced for fringe and other charges). Annual incentive bonuses are paid as a result of meeting the target "Bonus EBITDA," which is defined as our consolidated earnings before interest, taxes, depreciation, amortization, stock-option based and other equity-based compensation expenses, management, transaction and similar fees paid to the principal stockholders or their affiliates, as reflected on our audited consolidated financial statements for such fiscal year, and adjusting for certain extraordinary and non-recurring items as determined by the bonus plan administrator. We base annual bonuses on Bonus EBITDA because it is a direct reflection of the cash flow and operating profitability of our business and it represents the element of our performance that executives can most directly impact.

Upon availability of our year end operating results, our Compensation Committee reviews the Bonus EBITDA, and in its sole discretion approves any adjustments to the plan bonus pool. Adjustments are based on performance against target Bonus EBITDA. During fiscal 2009 and fiscal 2010, to incentivize our

executives to exceed target Bonus EBITDA levels and thereby increase long-term company value, our compensation committee determined that the bonus pool should be increased or decreased by up to 50% of the amount over or under target or such lesser percentage as our Compensation Committee may determine. At its sole discretion, our Compensation Committee may increase or decrease the amount of the bonus pool to take into consideration the impact of any extraordinary and non-recurring items or other factors. In applying this discretion, the committee generally increases the bonus pool by less than 50% to the extent the increase is due to short-term improvements that are not expected to result in long term value to our company. The additional and discretionary adjustments allow the compensation committee to limit increases in the bonus pool to factors over which the executives have control and that result in long-term value for our company. Following any adjustment for extraordinary and nonrecurring items and other factors, the bonus pool is further reduced to account for the additional fringe benefit costs incurred as a result of the additional bonus payment to our officers. The final bonus pool as approved by our Compensation Committee is distributed to our officers on a consistent per point basis.

For fiscal 2010 the target Bonus EBITDA was \$337.0 million and actual results were \$399.8 million. The calculation of Bonus EBITDA for fiscal 2010 is as follows:

EBITDA	\$ 295,317
Compensation Adjustments	97,266
Other Adjustments	7,262
Bonus EBITDA	\$ 399,845
Bonus EBITDA Target	\$ 337,000

As shown above, for fiscal 2010, actual Bonus EBITDA exceeded target Bonus EBITDA by \$62.8 million. Accordingly, our Compensation Committee approved the payment of an initial bonus at the target level and an increase to the bonus pool of approximately \$25.4 million representing 50% of the excess of actual Bonus EBITDA over target Bonus EBITDA reduced as provided in the preceding paragraph. As with base salary, each executive officer within the same band received the same bonus amount. Accordingly, consistent with the other officers in their compensation band, Messrs Appleby, Garner and McConnell received the same bonus amount for fiscal 2010, Dr. Shrader received 10% above that amount and Mr. Strickland received a lower bonus amount.

For fiscal 2010, each of our named executive officers received payments under the annual performance program as reflected in the “Non-Equity Incentive Plan Compensation” column of the Summary Compensation Table.

Our current annual performance program is based on meeting corporate annual performance goals. As more completely described below under “Changes to Our Compensation Program in Connection with this Offering,” we expect to structure our future annual performance bonus to be delivered via a mix of cash and equity. The equity portion will vest over time to more closely align our compensation program with market practices and enable future generations of officers to continue to own personally-significant amounts of our company stock.

Long-term Equity Incentive Plans. We believe that our executive officers should hold significant amounts of equity to align their interests to those of our stockholders, and, accordingly, long-term equity compensation is an important component of our compensation program. Prior to Carlyle’s investment in our company in 2008, our Predecessor granted stock options to our executive officers that vested and were exercisable on fixed dates over a period of years. In connection with Carlyle’s investment, these stock options were converted into stock options and restricted stock with fixed vesting and exercise dates under our Officers’ Rollover Stock Plan. Following that transaction and prior to the completion of this offering, our long-term incentive program has consisted of awards of stock options to our executives under the Equity Incentive Plan. We believe stock options further our objective of aligning the interests of our executive officers with those of our stockholders by providing our executive officers with a continuing stake in our long-term success and by rewarding only the future growth in our equity value. We have not historically granted stock options to our executive officers on an annual basis. Instead, an option grant is made only upon hire of an executive officer and/or upon promotion, so that each executive officer within the same band would receive the same number of options and total compensation. All of our named executive officers other than Mr. McConnell received a grant of stock options in 2008 following Carlyle’s investment in our company.

Mr. McConnell received an award of options in fiscal 2010 upon his rehire, which is set forth in the "All Other Option Awards: Number of Securities Underlying Options" column in the Grants of Plan-Based Awards Table. At the beginning of fiscal 2011, Mr. Strickland received a grant of 4,500 performance-vesting stock options to reflect his promotion to the next senior level. Although our Compensation Committee approves the grant of stock options under the Equity Incentive Plan, the grants are made based on the band of the executive at the time of promotion and/or hire and generally do not take into account awards under the Officers' Rollover Stock Plan, which were based on compensation initially awarded by our Predecessor. However, award levels under the Equity Incentive Plan for officers with long tenures and more equity under our Officers' Rollover Stock Plan were reduced to provide greater equity incentives to officers in lower compensation bands.

The terms of the options under the Equity Incentive Plan were negotiated between members of management and Carlyle at the time they invested in our company. A portion of the options vest based on continued service and the remainder vest based on achievement of EBITDA and cumulative cash flow performance goals. The terms of the options are more fully described in footnote 2 to the Grants of Plan-Based Awards Table.

The EBITDA target for option vesting for fiscal 2010 was \$294.6 million, with the annual target level increasing by 12% each year thereafter. The cumulative cash-flow target for fiscal 2010 was \$194.4 million, with the annual amount used to calculate the cumulative target increasing by approximately 12% per year (and subject to upward or downward adjustment for changes in net revenue growth).

For purposes of the options, "EBITDA" is calculated in the same manner as Bonus EBITDA under the annual performance bonus program; and "cash flow" means (i) EBITDA for a fiscal year less (ii) the increase in adjusted working capital (accounts receivable (net) less accounts payable, less other accrued expenses) in the fiscal year (which may be a positive or a negative number) less (iii) any overruns in the annual budget for capital expenditures in the financial plan approved by the Board for that fiscal year.

In connection with the payment of a special dividend of \$10.87 per share on July 29, 2009 and the payment of a special dividend of \$46.42 per share on December 11, 2009, in each case to holders of record of Class A common stock, Class B non-voting common stock and Class C restricted common stock as of July 29, 2009 and December 8, 2009, respectively, outstanding options were required to be adjusted under the terms of our Officers' Rollover Stock Plan and Equity Incentive Plan. Our Compensation Committee determined to adjust options by reducing the exercise price to reflect the reduction in the value of our stock as a result of each of the extraordinary dividends, rather than to adjust both the exercise price and the number of shares issuable upon exercise of the options, to avoid the increase in the number of shares issuable upon exercise. Because the reduction in share value exceeded the exercise price for certain of our Rollover options, the exercise price for those options was reduced to the par value of the share issuable on exercise, and the holders, including our executive officers, became entitled to receive, on the option's fixed exercise date, a cash payment equal to the excess of the reduction in share value as a result of the dividend over the reduction in exercise price, subject to vesting of the related options.

For additional information on the stock options granted under the Equity Incentive Plan and Officers' Rollover Stock Plan, see "Executive Compensation Plans" below.

Defined Contribution Retirement Plan. We provide retirement benefits to our executive officers in order to provide them with additional security in retirement, while allowing them to direct the investment of their retirement savings as they choose. All employees, including our executive officers, are automatically eligible to participate in the tax-qualified Employees' Capital Accumulation Plan, or ECAP, our 401(k) plan. We make contributions to ECAP annually. In addition to contributions made to the tax-qualified ECAP, executive officers receive a cash payment equal to a percentage of eligible compensation in excess of the eligible compensation limit of the Internal Revenue Code which is intended as a supplement to the retirement plan contribution.

Other Retirement Benefits. We provide additional retirement benefits to our executive officers in order to provide them with additional security in retirement and promote a long-term career with our company. Our

executive officers participate in the Officers' Retirement Plan, under which the executive officer may retire with full benefits after a minimum of either (x) age 60 with five years of service as an officer or (y) age 50 with ten years of service as an officer. An eligible executive officer who retires and does not receive severance benefits is entitled to receive a single lump sum retirement payment equal to \$10,000 for each year of service as an officer, pro-rated as appropriate, and an annual allowance of \$4,000 for financial counseling and tax preparation assistance. Our retirees are also eligible to receive comprehensive coverage for medical, pharmacy and dental health care. The premiums for this benefit are paid by us.

Benefits and Perquisites. Our employees are eligible to participate in a full complement of employer paid benefit plans. Our executive officers also participate in enhanced medical and dental plans, life insurance, AD&D and personal liability coverage. Although our executive officers receive additional benefits and perquisites, such as executive medical, financial counseling and club membership reimbursement, we do not consider these to be a principal component of their compensation. We believe that our executive officer benefits and perquisite programs are reasonable and commensurate with benefits and perquisites provided to executive officers of similarly situated companies within our industry, and are necessary to sustain a fully competitive executive compensation program.

The perquisites include initiation fees for club memberships and reasonable dues on an annual basis and up to \$15,000 per year for financial counseling, up to \$7,500 every three years to update an estate plan, up to \$3,000 for preparation of estate plans following relocation to a new tax jurisdiction and a one-time reimbursement of up to \$5,000 for retirement financial planning. For more detail on the perquisites that our named executive officers receive, see footnote 5 to the "Summary Compensation Table" below.

Changes to Our Compensation Program in Connection with this Offering

Adoption of Annual Incentive Plan. Our Board has adopted a new compensation plan in connection with this offering because it believes that the new plan will more appropriately align our compensation programs with those of similarly situated public companies. For a description of the annual incentive plan, see "Executive Compensation Plans" below. Going forward, we expect to deliver a portion of the current annual compensation in the form of equity.

The amount of the annual incentive payment will be calculated in the same fashion as it previously was under the annual performance bonus program with the only change being that a portion of the bonus is expected to be paid in the form of equity. For fiscal 2011, the target bonus value was set at the beginning of the year and is subject to achievement of target Bonus EBITDA results. If Bonus EBITDA results exceed target, one-third of the dollars above target will be added to the pool available for officer compensation. If Bonus EBITDA results are below target, one-third of the dollars below target will be subtracted from the pool available for officer compensation. In each case, the additions or subtractions are subject to the adjustment of our Compensation Committee to take into consideration the impact of any extraordinary and non-recurring items and other factors. We determined to base annual bonuses for fiscal 2011 on Bonus EBITDA because it is a direct reflection of the cash flow and operating profitability of our business and it represents the element of our performance that executives can most directly impact. Our Compensation Committee has the discretion to determine the actual payments to our executive officers, subject to achievement of the performance measures. As described above, we expect that a portion of the annual incentive payment will be paid in cash and a portion will be paid in equity that will vest based on the passage of time, subject to the executive officer's continued employment by our company.

Executive Ownership Guidelines. Upon completion of this offering, we will establish equity ownership guidelines for our executive officers to further align their interests to those of our stockholders. Each of our named executive officers will have five years to achieve equity ownership with a value equivalent to the amount set forth in the following table:

Named Executive Officers:

Chief Executive Officer
Other Named Executive Officers

Ownership Guideline:

5x base salary
3x base salary

In calculating an executive officer's ownership, vested stock options issued under the Equity Incentive Plan, all stock options under the Officers' Rollover Stock Plan and vested and unvested restricted stock will be considered owned by the executive. We determined these ownership levels based on market and good governance practices. For more details on the Equity Incentive Plan and the Officers' Rollover Stock Plan, see "Executive Compensation Plans" below.

Government Limitations on Compensation

As a government contractor, we are subject to FAR, which governs the reimbursement of costs by our government clients. FAR 31.205-6(p) limits the allowability of senior executive compensation to a benchmark compensation cap established each year by the Administrator of the Office of Federal Procurement Policy under Section 39 of the Office of Federal Procurement Policy Act (41 U.S.C. 435). The benchmark cap applies to the five most highly compensated employees in management positions. When comparing senior executive compensation to the benchmark cap, all wages, salary, bonuses and deferred compensation, if any, for the year, as recorded in our books and records, must be included. The current benchmark compensation cap, effective January 1, 2010 and as published in the Federal Register, is \$693,951. Any amounts over the cap are considered unallowable and are therefore not recoverable under our government contracts. FAR also limits the allowability of reimbursement for non-senior executive compensation.

Policy On Recovering Bonuses In The Event of a Restatement

We have included provisions in our Annual Incentive Plan and our Equity Incentive Plan that provide us with the ability after this offering to impose the forfeiture of bonuses and equity compensation and the recovery of certain bonus amounts and gains from equity compensation awarded under those plans in the event of an accounting restatement due to material non-compliance with any financial reporting requirements under the securities laws with respect to individuals who engage in misconduct or gross negligence that results in a restatement of our financial statements, individuals subjected to automatic forfeiture under Section 304 of the Sarbanes-Oxley Act of 2002, and, to the extent that, based on erroneous data, any award or payment is in excess of what would have been paid under the accounting restatement during the three-year period preceding the date on which a financial restatement is required, current or former executive officers, or as otherwise required under applicable laws or regulations. In addition, if an individual engages in certain other misconduct, we have the discretion to suspend vesting of all or a portion of any award and/or require the forfeiture or disgorgement to us of any equity award (including gains on the sale of the stock, if any) that vested, was paid or settled in the twelve months prior to or any time after the individual engaged in such misconduct. See "Executive Compensation Plans — Annual Incentive Plan — Forfeiture" and "— Equity Incentive Plan — Other Forfeiture Provisions" below.

Certain Change in Control Provisions

Options and restricted stock awarded under our Officers' Rollover Stock Plan and options granted under our Equity Incentive Plan prior to the date of this prospectus contain provisions that accelerate vesting in connection with certain change in control events. Under the Officers' Rollover Stock Plan and the Equity Incentive Plan, "change in control" is generally defined as the acquisition by any person (other than Carlyle) of 50% or more of the combined voting power of our company's then outstanding voting securities, the merger of our company if its stockholders immediately prior to the merger together with Carlyle do not own more than 50% of the combined voting power of the merged entity, the liquidation or dissolution of our company (other than in a bankruptcy proceeding or for the purposes of effecting a corporate restructuring or reorganization) or the sale of all or substantially all the assets of our company to non-affiliates. Options and restricted stock granted under the Officers' Rollover Stock Plan vest upon a change in control. Vesting of options granted under our Equity Incentive Plan is accelerated only as a result of events that result in liquidity to Carlyle. These provisions were negotiated at the time of Carlyle's investment in our company and are designed to motivate management to assist our principal stockholders in achieving a favorable return on their investment in our company.

Following the completion of this offering, in the event of a change in control, unless the plan administrator determines otherwise, all time-vesting awards under the Equity Incentive Plan will fully vest and a pro-rated portion of outstanding performance-vesting awards will vest based on the performance achieved as of the change in control.

In addition, if during the five year period after a change in control our officers' retiree medical plan is terminated or modified in a manner that is materially adverse to our officers, our officers will be guaranteed their existing benefits under the plan through the fifth anniversary of the change in control and receive at the end of the five-year period a cash payment equal to the excess of the actuarial cost of the officer's benefits under the plan that would be accrued on the company's financial statements on the fifth anniversary of the change in control in the absence of the termination or modification over the amount that is accrued on our financial statements on the fifth anniversary of the change in control giving effect to the termination or modification (but excluding the accrual on the payment itself).

Policies On Timing of Equity Grants

We expect that following the completion of this offering it will be our policy not to time the granting of equity awards in relation to the release of material, non-public information. Accordingly, we expect that regularly scheduled awards will be permitted to be granted at times when there is material non-public information. We expect that we will generally grant awards to new hires at the time of hire, promotion awards at the time of promotion and annual awards in June. In addition, it is our policy not to grant equity awards with effect from, or with an exercise price based on market conditions as they existed on, any date prior to the date on which the party in which granting authority is vested (typically our Compensation Committee or our Chief Executive Officer) takes formal action to grant them. It is our policy to promptly document any equity awards that we make; we would normally regard documenting to be prompt if we were to communicate the terms of the awards to their recipients, and to obtain signed award agreements governing the grants back from them, within one month of the date formal action is taken to issue them.

Effect of Accounting and Tax Treatment on Compensation Decisions

Section 162(m) of the Internal Revenue Code imposes a limit on the amount of compensation that we may deduct in any one year with respect to certain "covered employees," unless certain specific and detailed criteria are satisfied. Performance-based compensation, as defined in the Internal Revenue Code, is fully deductible if the programs are approved by stockholders and meet other requirements. As described above, all of our short-term non-equity incentive compensation is determined based upon the achievement of certain predetermined financial performance goals, which would generally permit us to deduct such amounts pursuant to Section 162(m). Pursuant to applicable regulations, Section 162(m) will not apply to compensation paid or stock options or restricted stock granted under the compensation agreements and plans described in this prospectus during the reliance transition period ending on the earlier of the date the agreement or plan is materially modified or the first stockholders meeting at which directors are elected during 2014. While we will continue to monitor our compensation programs in light of Section 162(m), our Compensation Committee considers it important to retain the flexibility to design compensation programs that are in the best long-term interests of our company and our stockholders, particularly as we continue our transition from a private to a public company. As a result, we have not adopted a policy requiring that all compensation be deductible and our Compensation Committee may conclude that paying compensation at levels that are not deductible under Section 162(m) is nevertheless in the best interests of our company and our stockholders.

Other provisions of the Internal Revenue Code can also affect compensation decisions. Section 409A of the Internal Revenue Code, which governs the form and timing of payment of deferred compensation, imposes sanctions, including a 20% penalty and an interest penalty, on a recipient of deferred compensation that does not comply with Section 409A. Our Compensation Committee takes into account the potential implications of Section 409A in determining the form and timing of compensation awarded to our executives and strives to structure its nonqualified deferred compensation plans to meet these requirements.

Section 280G of the Internal Revenue Code disallows a company's tax deduction for payments received by certain individuals in connection with a change in control to the extent that the payments exceed an amount approximately three times their average annual compensation and Section 4999 of the Internal Revenue Code imposes a 20% excise tax on those payments. As described above, options and restricted stock awarded under our Officers' Rollover Stock Plan and options granted under our Equity Incentive Plan have or will contain provisions that accelerate vesting of all or a portion of the awards in connection with a change in control. To the extent that payments upon a change in control are classified as excess parachute payments, our company's tax deduction would be disallowed under Section 280G.

Compensation Tables and Disclosures

Summary Compensation Table

Name and Principal Position	Year (1)	Salary (\$)	Bonus (\$)	Option Awards \$(2)	Non-Equity Incentive Plan Compensation \$(3)	Change in Pension Value and Nonqualified Deferred Compensation Earnings \$(4)	All Other Compensation \$(5)	Total (\$)
Ralph W. Shrader, President and Chief Executive Officer	2010	1,162,500	—	—	1,559,145	32,694	1,474,503	4,228,842
Samuel R. Strickland, Executive Vice President and Chief Financial Officer	2010	825,000	—	—	1,106,490	69,700	1,062,115	3,063,305
CG Appleby, Executive Vice President and General Counsel	2010	1,050,000	—	—	1,408,260	42,085	1,394,506	3,894,851
Joseph E. Garner, Executive Vice President	2010	1,050,000	—	—	1,408,260	50,985	1,298,793	3,808,038
John M. McConnell, Executive Vice President	2010	1,050,000	—	1,525,434	1,408,260	28,277	122,353	4,134,324

(1) Year reflects fiscal 2010 — April 1, 2009 to March 31, 2010.

(2) This column represents the grant date fair value of the options granted in fiscal 2010 at the time of Mr. McConnell's rehiring. Options are generally granted only on hire or promotion. See "Compensation Discussion and Analysis — Elements of Compensation — Long-term Equity Incentive Plans." The aggregate fair value of the awards was computed in accordance with FASB ASC Topic 718 based on the probable outcome of the performance conditions using the valuation methodology and assumptions set forth in Note 17 to our financial statements for the fiscal year ended March 31, 2010, which are incorporated by reference herein, modified to exclude any forfeiture assumptions related to service-based vesting conditions. The amounts in this column do not reflect the value, if any, that ultimately may be realized by Mr. McConnell.

(3) This column reflects bonuses under our annual performance bonus plan, which provides awards based on the achievement of a corporate performance objective. Awards under the annual performance bonus plan are paid in cash. The annual performance bonus plan is described more fully at "Compensation Discussion and Analysis — Elements of Compensation — Cash Compensation."

(4) This column reflects the change in value over fiscal 2009 of the retiree medical and cash retirement benefit for each of our named executive officers.

(5) The table below describes the elements included in All Other Compensation.

Name	Dividends and Related Payments on Unvested Restricted Stock and Vested Stock Options (\$)(a)	Club Membership (\$)	Financial Counseling (\$)	Qualified Company Contributions to 401(k) (\$)	Non-Qualified Company Retirement Contributions to Employee (\$)	Executive Medical Plan Contributions (\$)	Tax Gross Ups (\$)(b)	Other (\$)(c)	Total (\$)
Ralph W. Shrader	927,758	33,753	15,000	32,377	392,371	34,677	8,628	29,939	1,474,503
Samuel R. Strickland	675,348	32,481	3,040	32,377	264,629	34,677	3,215	16,348	1,062,115
CG Appleby	927,758	11,795	15,000	32,377	349,790	34,677	4,998	18,111	1,394,506
Joseph E. Garner	837,255	13,510	10,000	32,377	349,790	34,677	3,729	17,455	1,298,793
John M. McConnell	0	0	7,166	32,377	22,000	34,677	4,787	21,346	122,353

- (a) On July 27, 2009, our Board approved a special dividend of \$10.87 per share paid on July 29, 2009 to holders of record of our Class A common stock, Class B non-voting common stock and Class C restricted common stock as of July 29, 2009. In addition, on December 7, 2009, our Board approved a special dividend of \$46.42 per share paid on December 11, 2009 to holders of record as of December 8, 2009 of our Class A common stock, Class B non-voting common stock and Class C restricted common stock. In connection with these dividends and based on their equity holdings, our named executive officers received these dividend payments with respect to unvested Class C restricted common stock. Dividends on vested shares are not included because they are not considered compensation. In addition, in accordance with the terms of the Officers' Rollover Stock Plan, the exercise price of outstanding stock options was reduced by the reduction in value of our common stock as a result of each of the dividends. For any stock option with an exercise price less than the amount of the adjustment, the exercise price was reduced to the par value of our Class A common stock (\$0.01), and the option-holder was granted a right to receive a cash payment, in the same calendar year as the year the related option is required to be exercised, equal to the difference between the amount of the special dividend and the amount by which the related option's exercise price was reduced. Amounts earned or paid in fiscal 2010 are included in this column. Amounts earned or paid with respect to vested options are set forth in the Nonqualified Deferred Compensation Table below.
- (b) Includes tax gross-ups relating to life insurance coverage and milestone anniversary awards.
- (c) Includes: medical, dental, supplemental medical, life insurance, accident insurance, personal excess liability coverage, estate planning and milestone anniversary awards.

Grants of Plan-Based Awards

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1)			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards; Number of Shares or Stock Units	All Other Option Awards; Number of Securities Underlying Options	Exercise or Base Price of Option Awards (\$/Sh)	Grant Date Fair Value of Stock and Option Awards (\$)
		Threshold (\$)	Target (\$)	Max (\$)	Threshold (\$)	Target (\$)	Max (\$)(H)				
Ralph W. Shrader	06/29/09	—	1,046,250	—	—	—	—	—	—	—	—
Samuel R. Strickland	06/29/09	—	742,500	—	—	—	—	—	—	—	—
CG Appleby	06/29/09	—	945,000	—	—	—	—	—	—	—	—
Joseph E. Garner	06/29/09	—	945,000	—	—	—	—	—	—	—	—
John M. McConnell	06/29/09	—	945,000	—	—	—	—	—	—	—	—
	05/07/09	—	—	—	—	—	—	—	27,500(2)	118.06(3)	1,525,434

(1) Reflects target bonus levels for fiscal 2010 under our annual performance bonus plan, which provides awards based on the achievement of a corporate performance objective. Awards under the annual performance bonus plan are paid in cash. The annual performance bonus plan is described more fully at “Compensation Discussion and Analysis — Elements of Compensation — Cash Compensation.” Non-equity incentive plan awards have no minimum threshold or maximum cap payouts. The actual bonuses paid under the plan for fiscal 2010 are reflected in the Summary Compensation Table.

(2) On May 7, 2009, upon rejoining our company, Mr. McConnell received one-time awards of time-vesting and performance-vesting stock options under our Equity Incentive Plan. See “Executive Compensation Plans,” below, for a description of our Equity Incentive Plan.

One-third of the options are service-vesting options, which vest and become exercisable, subject to the continued employment of the named executive officer, ratably over three years. Two-thirds of the options are performance options, which vest and become exercisable, subject to the continued employment of the named executive officer, ratably over three years based on achievement of EBITDA and cumulative cash flow performance goals, with the ability to “catch up” on missed goals if cumulative achievement reaches the target cumulative levels during the three-year vesting period. In the case of an option that vests based on EBITDA performance, the missed performance goal must be at least 90% of the target level to be eligible for “catch up.”

All service-vesting options become fully vested and exercisable immediately prior to the effective date of certain change in control events. Any unvested performance options at the time of such a change in control event vest immediately prior to the effective date of event if Carlyle achieves a specified internal rate of return or the investment proceeds to Carlyle are at least a specified multiple of their invested capital.

For purposes of the options, “internal rate of return” means the internal rate of return realized by Carlyle on its invested capital as a result of the proceeds realized, or deemed realized, by Carlyle on its capital, calculated without reduction for any taxes and after giving effect to the vesting of any awards granted under the Equity Incentive Plan.

(3) Reflects the exercise price on the grant date. The exercise price has been adjusted to \$60.77 to reflect the two extraordinary dividends paid in fiscal 2010. See “Compensation Discussion and Analysis — Elements of Compensation — Long-term Equity Incentive Plans.”

Outstanding Equity Awards at Fiscal Year-End Table

Name	Option Awards					Stock Awards	
	Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested(5)	Market Value of Shares or Units of Stock That Have Not Vested (\$)(6)
Ralph W. Shrader	2,799	3,734(1)	4,853.55(2)	42.71	11/19/2018	10,445.3333	1,337,316
			2,613.45(3)	42.71	11/19/2018		
		13,895.154(4)		0.01	08/29/2010		
		11,910.132(4)		0.01	08/29/2011		
		7,940.088(4)		0.01	08/29/2012		
		7,940.088(4)		0.01	08/29/2013		
Samuel R. Strickland	3,699	4,934(1)	6,413.55(2)	42.71	11/19/2018	7,082.0000	906,708
			3,453.45(3)	42.71	11/19/2018		
		11,579.295(4)		0.01	08/29/2010		
		9,925.11(4)		0.01	08/29/2011		
		6,616.74(4)		0.01	08/29/2012		
		6,616.74(4)		0.01	08/29/2013		
CG Appleby	2,799	3,734(1)	4,853.55(2)	42.71	11/19/2018	10,445.3333	1,337,316
			2,613.45(3)	42.71	11/19/2018		
		13,895.154(4)		0.01	08/29/2010		
		11,910.132(4)		0.01	08/29/2011		
		7,940.088(4)		0.01	08/29/2012		
		7,940.088(4)		0.01	08/29/2013		
Joseph E. Garner	2,799	3,734(1)	4,853.55(2)	42.71	11/19/2018	8,993.3333	1,154,416
			2,613.45(3)	42.71	11/19/2018		
		13,627.9395(4)		0.01	08/29/2010		
		11,681.0910(4)		0.01	08/29/2011		
		7,787.3940(4)		0.01	08/29/2012		
		7,787.3940(4)		0.01	08/29/2013		
John M. McConnell		9,167(7)(8)	11,916.45(9)	60.77	05/07/2019		
			6,416.55(8)	60.77	05/07/2019		

- (1) The options vest and become exercisable, subject to the continued employment of the named executive officer, ratably on June 30, 2009, 2010, 2011, 2012 and 2013. All service-vesting options fully vest and become exercisable immediately prior to the effective date of certain change in control events.
- (2) The options vest and become exercisable, subject to the continued employment of the named executive officer, ratably on June 30, 2009, 2010, 2011, 2012 and 2013 based on achievement of EBITDA performance goals, with the ability to "catch up" on missed goals if (x) the missed performance goal was at least 90% of target level and (y) cumulative EBITDA performance reaches the target cumulative levels during the five-year vesting period. In addition, any unvested performance options at the time of a change in control event vest immediately prior to the effective date of the event if Carlyle achieves a specified

internal rate of return as a result of the event or the investment proceeds to Carlyle are at least a specified multiple of its invested capital.

- (3) The options vest and become exercisable, subject to the continued employment of the named executive officer, ratably on June 30, 2009, 2010, 2011, 2012 and 2013 based on achievement of cumulative cash flow performance goals, with the ability to “catch up” on missed goals if cumulative achievement reaches the target cumulative levels during the five-year vesting period. In addition, any unvested performance options at the time of a change in control event vest immediately prior to the effective date of event if Carlyle achieves a specified internal rate of return as a result of the event or the investment proceeds to Carlyle are at least a specified multiple of its invested capital.
- (4) One third of the options are currently vested. The remaining options vest in equal annual installments on June 30, 2010 and 2011. To the extent the options become vested, they become exercisable as set forth below (all vested options must be exercised within 60 days following the annual exercise dates unless a named executive officer receives written consent from the administrator, in which case such options may be exercised through the end of the year in which they vest):

Exercise Commencement Date	June 30 2010	June 30 2011	June 30 2012	June 30 2013	June 30 2014
Percentage of vested options to be exercised	50%	50%	—	—	—
Percentage of options with June 30, 2010 vesting date to be exercised	50%	20%	20%	10%	—
Percentage of options with June 30, 2011 vesting date to be exercised	—	20%	20%	30%	30%

In connection with the special dividends of \$10.87 per share and \$46.42 per share paid to holders of our common stock in fiscal 2010 and in accordance with the terms of the Officers’ Rollover Stock Plan, the exercise price of outstanding stock options was reduced by the reduction in value of our common stock as a result of each of the dividends. For any stock option with an exercise price less than the amount of the adjustment, the exercise price was reduced to the par value of our Class A common stock (\$0.01), and the option-holder was granted a right to receive a cash payment, in the same calendar year as the year the related option is required to be exercised, equal to the difference between the amount of the special dividend and the amount by which the related option’s exercise price was reduced. This payment is subject to vesting and forfeiture on the same terms as the related option. To the extent they become vested, payments of such amounts to our named executive officers will be made as follows:

	June 30 2010	June 30 2011	June 30 2012	June 30 2013	June 30 2014
Ralph W. Shrader	\$575,870.35	\$493,603.16	\$329,068.77	\$329,068.77	\$246,801.58
Samuel R. Strickland	\$471,594.55	\$404,223.90	\$269,482.60	\$269,482.60	\$202,111.95
CG Appleby	\$575,870.35	\$493,603.16	\$329,068.77	\$329,068.77	\$246,801.58
Joseph E. Garner	\$563,305.16	\$482,832.99	\$321,888.66	\$321,888.66	\$241,416.50
John M. McConnell	—	—	—	—	—

Upon exercise of an option, the named executive officer must sell to us, and we must repurchase, at par value, one share of Class E special voting stock for each option exercised. If the named executive officer fails to complete the purchase of shares on exercise of the options within the time period set forth in the Officers’ Rollover Stock Plan or fails to file an election under Section 83(b) of the Code with the Internal Revenue Service within thirty (30) days after exercise, the related shares of common stock will be deemed to have been forfeited by that named executive officer, and the named executive officer must sell to us, and we must repurchase, at par value, the related number of shares of Class E special voting stock held by the named executive officer.

- (5) Our Class C restricted common stock vests in equal annual installments on June 30, 2010 and 2011.
- (6) Market value has been determined based on the fair market value of our stock on March 31, 2010 of \$128.03.

- (7) The options vest and become exercisable, subject to the continued employment of the named executive officer, ratably on June 30, 2010, 2011 and 2012. All service-vesting options fully vest and become exercisable immediately prior to the effective date of certain change in control events.
- (8) The options vest and become exercisable, subject to the continued employment of the named executive officer, ratably on June 30, 2010, 2011 and 2012 based on achievement of cumulative cash flow performance goals, with the ability to “catch up” on missed goals if cumulative achievement reaches the target cumulative levels during the three-year vesting period. In addition, any unvested performance options at the time of a change in control event vest immediately prior to the effective date of event if Carlyle achieves a specified internal rate of return as a result of the event or the investment proceeds to Carlyle are at least a specified multiple of its invested capital.
- (9) The options vest and become exercisable, subject to the continued employment of the executive officer, ratably on June 30, 2010, 2011 and 2012 based on achievement of EBITDA performance goals, with the ability to “catch up” on missed goals if (x) the missed performance goal was at least 90% of target level and (y) cumulative EBITDA performance reaches the target cumulative levels during the three-year vesting period. In addition, any unvested performance options at the time of a change in control event vest immediately prior to the effective date of the event if Carlyle achieves a specified internal rate of return as a result of the event or the investment proceeds to Carlyle are at least a specified multiple of its invested capital.

Option Exercises and Stock Vested Table

The table below provides information on the named executive officers’ restricted stock awards that vested and the stock options that they exercised in fiscal 2010.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise(1)	Value Realized on Exercise \$(2)	Number of Shares Acquired on Vesting(1)	Value Realized on Vesting \$(3)
Ralph W. Shrader	11,910.1320	1,425,064	5,222.6667	650,953
Samuel R. Strickland	9,925.1100	1,180,536	3,541.0000	441,350
CG Appleby	11,910.1320	1,425,064	5,222.6667	650,953
Joseph E. Garner	11,681.0910	1,396,513	4,496.6667	560,465
John M. McConnell	—	—	—	—

- (1) Fractional shares are paid in cash.
- (2) Option Award (\$) value realized is based on fair market value less exercise cost at time of exercise.
- (3) Stock Award (\$) value realized is based on fair market value on June 30, 2009.

Pension Benefits Table

The Officers' Retirement Plan is an unfunded defined benefit retirement plan that we maintain for our executive officers. Under the Officers' Retirement Plan, if an executive officer retires of his or her own volition (and is not entitled to severance) after a minimum of either (x) age 60 with five years of service as an officer or (y) age 50 with ten years of service as an officer, he or she will be entitled to receive a single lump sum retirement payment equal to \$10,000 for each year of service as an officer, pro-rated as appropriate. Currently all of our named executive officers are retirement eligible.

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefits (\$)(1)	Payments During Last Fiscal Year (\$)
Ralph W. Shrader	Officers' Retirement Plan	31.5	315,000	—
Samuel R. Strickland	Officers' Retirement Plan	14.4	144,000	—
CG Appleby	Officers' Retirement Plan	28.0	280,000	—
Joseph E. Garner	Officers' Retirement Plan	17.5	175,000	—
John M. McConnell	Officers' Retirement Plan	12.1	121,000	—

- (1) The present value of accumulated benefits has been calculated in a manner consistent with our reporting of the Retired Officers' Bonus Plan under Statement of Financial Accounting Standards No. 87, using the Accumulated Benefit Obligation with the exception of the retirement rate assumptions. The amounts shown above reflect an assumption that each participant collects his benefit at the earliest age at which an unreduced benefit is available.

Non-Qualified Deferred Compensation

In connection with the special dividends paid on July 29, 2009 and December 11, 2009 that resulted in an adjustment of the exercise price of outstanding options, our named executive officers who held options with exercise prices less than the amount of the adjustment were granted the right to receive a cash payment, in the same calendar year the related option vests, equal to the difference between the amount of the dividend and the amount by which the related option's exercise price was reduced. This payment is subject to vesting and forfeiture on the same terms as the related option. For a description of these dividend adjustment payments, see footnote 4 to the Outstanding Equity Awards at Fiscal Year-End Table above. Vested rights to these cash payments are reflected in the table below.

Nonqualified Deferred Compensation Table

Name	Plan Name	Executive Contributions in Last FY (\$)	Registrant Contributions in Last FY(1) (\$)	Aggregate Earnings in Last FY (\$)	Aggregate Withdrawals/Distributions (\$)	Aggregate Balance at Last FYE(2) (\$)
Ralph W. Shrader	Officers' Rollover Stock Plan	—	329,345	—	276	329,069
Samuel R. Strickland	Officers' Rollover Stock Plan	—	269,621	—	138	269,483
CG Appleby	Officers' Rollover Stock Plan	—	329,345	—	276	329,069
Joseph E. Garner	Officers' Rollover Stock Plan	—	322,027	—	138	321,889
John M. McConnell	Officers' Rollover Stock Plan	—	—	—	—	—

- (1) Registrant contributions represent, for each vested stock option issued under the Officers' Rollover Stock Plan held by the named executive officer on the record date with respect to each dividend declared in fiscal 2010, the difference between the value of the dividend paid and the amount by which the exercise price of the stock option was reduced. Amounts in this column are included in the "All Other Compensation" column of the Summary Compensation Table.
- (2) None of the amounts in this column would have been reported in our Summary Compensation Table in prior years.

Employment Arrangements and Potential Payments Upon Termination or a Change in Control

We do not have employment or severance agreements with any of our executive officers. However, upon a company approved departure, each named executive officer is eligible for transition pay equal to one month's base pay per year of service as an officer, up to a maximum of twelve months' base pay.

Termination Payments

Officers' Retirement Plan. If our named executive officers retire, they will each be entitled to receive a single lump sum retirement payment equal to \$10,000 for each year of service as an officer, pro-rated as appropriate, and an annual allowance of \$4,000 for financial counseling and tax preparation assistance. In addition, each of our named executive officers and their spouses will be entitled to receive employer-paid retiree medical and dental coverage for life.

Officers' Rollover Stock Plan. If a named executive officer's employment is terminated due to the officer's death, any unvested stock options and restricted stock issued under the Officers' Rollover Stock Plan will vest and become exercisable. If a named executive officer's employment is terminated by us without cause, by reason of disability or in a "company approved departure," awards under the Officers' Rollover Stock Plan will continue to vest and be exercisable in accordance with the plan, subject to forfeiture if the named executive officer engages in competitive activity following the termination.

Stockholders Agreement. If a named executive officer's employment is terminated for any reason, then we may repurchase the common stock that the officer holds and that was issued pursuant to the Equity Incentive Plan at the price set forth in the stockholders agreement. See "Certain Relationships and Related Party Transactions — Related Person Transactions — Stockholders Agreement."

Change in Control Protections

We do not have change in control agreements with any of our employees.

If a change in control occurs, the stock options issued under the Officers' Rollover Stock Plan will vest. Under the Equity Incentive Plan, if a change in control occurs, outstanding service-vesting options will vest immediately prior to the change in control and unvested performance-vesting options that are scheduled to vest in the year of the change in control, or that are subject to vesting under a catch-up vesting provision, vest immediately prior to the change in control if certain performance conditions are satisfied in the change in control.

In addition, if during the five year period after a change in control our officers' retiree medical plan is terminated or modified in a manner that is materially adverse to our officers, our officers, including our executive officers, will be guaranteed their existing benefits under the plan during such five-year period and receive a cash payment equal to the excess of actuarial cost of the officer's benefits under the plan that would be accrued on the company's financial statements on the fifth anniversary of the change in control in the absence of the termination or modification over the amount that is accrued on our financial statements on the fifth anniversary of the change in control giving effect the termination or modification (but excluding the accrual on the payment itself).

The following table presents potential payments to each named executive officer as if the named executive officer's employment had been terminated or a change in control had occurred as of March 31, 2010, the last day of fiscal 2010. If applicable, amounts in the table were calculated using \$128.03, the fair market value of our common stock on March 31, 2010. The actual amounts that would be paid to any named executive officer can only be determined at the time of an actual termination of employment or change in control and would vary from those listed below. The estimated amounts listed below are in addition to any retirement, welfare and other benefits that are available to our salaried employees generally.

Name	Severance Pay \$(1)	Equity With Accelerated Vesting \$(2)	Retirement Plan Benefits: \$(7)	Death and Disability Benefits (\$)	Continued Perquisites and Benefits (\$)	Total (\$)
Ralph W. Shrader						
Death	—	8,394,179	—	2,096,875(3)	—	10,491,054
Disability	—	—	—	79,587(4)	296,198(5)	375,785
Company Approved Departure(8)	1,162,500	—	—	—	296,198(5)	1,458,698
Retirement	—	—	315,000	—	338,348(6)	653,348
Resignation/Other Termination	—	—	—	—	—	—
Termination for Cause	—	—	—	—	—	—
Change-In-Control	—	9,349,848	—	—	296,198(9)	9,646,046
Samuel R. Strickland						
Death	—	6,758,979	—	2,068,750(3)	—	8,827,729
Disability	—	—	—	106,438(4)	494,673(5)	601,111
Company Approved Departure(8)	825,000	—	—	—	494,673(5)	1,319,673
Retirement	—	—	144,000	—	543,393(6)	687,393
Resignation/Other Termination	—	—	—	—	—	—
Termination for Cause	—	—	—	—	—	—
Change-In-Control	—	8,021,801	—	—	494,673(9)	8,516,474
CG Appleby						
Death	—	8,394,179	—	2,087,500(3)	—	10,481,679
Disability	—	—	—	84,803(4)	389,278(5)	474,081
Company Approved Departure(8)	1,050,000	—	—	—	389,278(5)	1,439,278
Retirement	—	—	280,000	—	434,809(6)	714,809
Resignation/Other Termination	—	—	—	—	—	—
Termination for Cause	—	—	—	—	—	—
Change-In-Control	—	9,349,848	—	—	389,278(9)	9,739,126
Joseph E. Garner						
Death	—	8,067,459	—	2,087,500(3)	—	10,154,959
Disability	—	—	—	85,064(4)	424,849(5)	509,913
Company Approved Departure(8)	1,050,000	—	—	—	424,849(5)	1,474,849
Retirement	—	—	175,000	—	471,467(6)	646,467
Resignation/Other Termination	—	—	—	—	—	—
Termination for Cause	—	—	—	—	—	—
Change-In-Control	—	9,023,129	—	—	424,849(9)	9,447,978
John M. McConnell						
Death	—	—	—	2,087,500(3)	—	2,087,500
Disability	—	—	—	70,736(4)	275,004(5)	345,740
Company Approved Departure(8)	1,050,000	—	—	—	275,004(5)	1,325,004
Retirement	—	—	120,900	—	315,995(6)	436,895
Resignation/Other Termination	—	—	—	—	—	—
Termination for Cause	—	—	—	—	—	—
Change-In-Control	—	1,849,650	—	—	275,004(9)	2,124,654

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- (1) Each named executive officer is eligible for transition pay equal to one month's base pay per year of service as an officer up to a maximum of twelve months' base pay. An additional amount equal to a pro rata portion of the named executive officer's annual incentive compensation for the year in which the termination occurs may be paid upon termination at the discretion of the Board.
 - (2) This column includes the value of the equity with accelerated vesting calculated using \$128.03, the fair market value of our common stock on March 31, 2010, and the value of the deferred cash payment due to the named executive officers as a result of the special dividends paid on July 29, 2009 and December 11, 2009, as described in footnote 4 to the Outstanding Equity at Fiscal Year-End Table above.
 - (3) Each named executive officer has a \$2 million life insurance policy. If the death was accidental, an additional \$1.5 million would be paid. Survivors also receive one month's base pay.
 - (4) Includes present value of disability insurance payments that cover up to 60% of base salary and bonus with a maximum benefit of \$25,000 per month (\$300,000/year). The amounts in this column were calculated by valuing the benefit as a standard annuity benefit based on the incidence of disability, using assumptions consistent with FAS 87/106 accounting for our other benefit programs and, for the assumption of a rate of disability, the 1977 Social Security Disability Index table.
 - (5) Amount includes actuarial present value of retiree medical benefits. The present value of accumulated benefits has been calculated in a manner consistent with our reporting of the Retired Officers' Welfare Plan under Statement of Financial Accounting Standards No. 106, using the Accumulated Postretirement Benefit Obligation with an adjustment made to retirement age assumptions as required by SEC regulations.
 - (6) Amount includes actuarial present value of up to \$4,000 per year for financial counseling assistance and retiree medical benefits. The amounts in this column that represent the present value of the financial counseling allowance were calculated with the same assumptions we use to disclose our Retired Officers' Bonus Plan, consistent with FAS 87, with an adjustment to the rate of retirement; the valuation is based on the discounted value of the full \$4,000. The amounts in the column that represent the actuarial present value of retiree medical benefits were calculated as described in footnote 5 above.
 - (7) Benefits under the Officers' Retirement Plan. This amount has been calculated using the methodology and assumptions described in footnote 1 to the Pension Benefits Table above.
 - (8) Whether a termination of employment is deemed a company approved departure is determined at the discretion of our Compensation Committee.
 - (9) Reflects the present value of the guaranteed benefits and cash payment of the actuarial cost of the officer's benefits under the officers' retiree medical plan, assuming that the plan was terminated during the five years following a change in control.

Compensation Committee Interlocks and Insider Participation

The current members of our Compensation Committee are Dr. Shrader and Messrs. Odeen (Chairman), Clare and Fujiyama. Dr. Schrader is our Chief Executive Officer and a stockholder and will step down as a member of the committee prior to completion of the offering. As a stockholder, Dr. Shrader received proceeds of dividends approved in fiscal 2010 and is party to a stockholders agreement with Booz Allen Holding and other stockholders. As a former stockholder and officer of Booz Allen Hamilton, he received a combination of current and deferred cash consideration, stock and options in Booz Allen Holding in connection with the acquisition. Our company also employs two of Dr. Shrader's children and pays a company controlled by Dr. Shrader for use of an aircraft. See "Certain Relationships and Related Party Transactions — Related Person Transactions — Common Stock Dividends," "— Stockholders Agreement," "— The Acquisition" and "— Other Relationships." Messrs. Clare and Fujiyama are employed by The Carlyle Group, an affiliate of Coinvest. As described below, Coinvest received proceeds of dividends approved in fiscal 2010 and is a party to a stockholders agreement with Booz Allen Holding and other stockholders. Coinvest and The Carlyle Group are affiliates of TC Group V US, L.L.C., which is party to a management agreement with Booz Allen Holding

and Booz Allen Hamilton pursuant to which TC Group V US, L.L.C. provides Booz Allen Holding and its subsidiaries, including Booz Allen Hamilton, with advisory, consulting and other services for a fee. See “Certain Relationships and Related Party Transactions — Related Person Transactions — Common Stock Dividends,” “— Stockholders Agreement,” and “— The Management Agreement.” Upon completion of this offering, we do not anticipate that any members of our Compensation Committee will serve as a member of the Board or Compensation Committee of any other entity that has one or more executive officers serving as a member of our Board or Compensation Committee.

Executive Compensation Plans

The following are summaries of the short- and long-term incentive compensation plans applicable to our executive officers: our Annual Incentive Plan, Equity Incentive Plan and Officers’ Rollover Stock Plan. The following summaries are qualified by reference to the full text of the respective plans, which have been filed as exhibits to this registration statement.

In addition, we have adopted a tax qualified Employee Stock Purchase Plan under which our employees may purchase up to an aggregate of 1,000,000 shares of our Class A common stock at up to a 15% discount.

Annual Incentive Plan

Our Board has adopted an Annual Incentive Plan under which we will provide annual cash incentives to our executive officers and other key employees following our initial public offering.

Purpose. The purpose of the Annual Incentive Plan is to enable our company and its subsidiaries to attract, retain, motivate and reward executive officers and key employees by providing them with the opportunity to earn competitive compensation directly linked to our company’s performance. The Annual Incentive Plan is designed to meet the requirements of the performance-based compensation exemption from Section 162(m) of the Internal Revenue Code to the extent that it is applicable to our company and the plan. We intend to comply with the Section 162(m) limits after the post-IPO transition period expires in 2014. See “Compensation Discussion and Analysis — Effect of Accounting and Tax Treatment on Compensation Decisions.”

Administration. The Annual Incentive Plan is administered by our Compensation Committee, which may delegate its authority under the Annual Incentive Plan, other than with respect to awards to any employee whose compensation is subject to Section 162(m) of the Internal Revenue Code.

Performance Criteria. To the extent Section 162(m) of the Internal Revenue Code is applicable to our company and the plan, our Compensation Committee establishes the performance objective or objectives applicable to any award under the plan prior to the 91st day after the beginning of each performance period under the Annual Incentive Plan (and no later than the date on which 25% of the performance period has lapsed). When Section 162(m) of the Internal Revenue Code is applicable to our company and the plan, unless our Compensation Committee determines that an award will not qualify as performance-based compensation under Section 162(m) of the Internal Revenue Code, the performance criteria will be based on one of the following: earnings before interest, taxes, depreciation and amortization; operating earnings; net earnings; income; earnings before interest and taxes; total shareholder return; return on our assets; increase in our earnings or earnings per share; revenue growth; share price performance; return on invested capital; operating income; pre- or post-tax income; net income; economic value added; profit margins; cash flow; improvement in or attainment of expense or capital expenditure levels; improvement in or attainment of working capital levels; return on equity; debt reduction; gross profit; market share; cost reductions; workforce satisfaction and diversity goals; workplace health and safety goals; employee retention; completion of key projects and strategic plan development and/or implementation; job profit or performance against a multiplier; or in the case of persons whose compensation is not subject to Section 162(m) of the Internal Revenue Code, such other criteria as may be determined by our Compensation Committee.

Payment. Payment of awards will be made as soon as practicable after our Compensation Committee certifies that one or more of the applicable performance criteria have been attained. Our Compensation Committee will determine whether any award under the Annual Incentive Plan will be paid in cash, stock

(including restricted stock or restricted stock units) or other awards under the Equity Incentive Plan, or in a combination of cash, stock, and other awards, including conditioning the vesting of such shares or other awards on the performance of additional service.

Maximum Award; Discretion. The maximum award amount payable per fiscal year under the Annual Incentive Plan is \$5,000,000. Our Compensation Committee has the discretion to reduce awards under the Annual Incentive Plan for any reason or increase awards to employees whose compensation is not subject to Section 162(m) of the Internal Revenue Code. Awards to employees whose compensation is subject to Section 162(m) of the Internal Revenue Code cannot be increased beyond the maximum award.

Termination of Employment. Unless otherwise determined by our Compensation Committee when the performance criteria are selected, any participant in the Annual Incentive Plan whose employment terminates will forfeit all rights to any unpaid award. However, (i) if a participant's employment terminates due to death, disability or "company approved departure" (as defined in the Annual Incentive Plan), our Compensation Committee may pay a partial award to the participant with respect to the portion of the performance period prior to the participant's termination of employment and (ii) if the participant's employment terminates for any reason prior to payment of the Annual Incentive Plan award, our Compensation Committee may waive the forfeiture feature, but may not waive the requirement to satisfy the performance criteria for participants whose compensation is subject to Section 162(m) of the Internal Revenue Code.

Forfeiture. If we are required to prepare an accounting restatement due to material noncompliance with any financial reporting requirement under the securities laws, and a participant knowingly or grossly negligently engaged in the misconduct or knowing or grossly negligently failed to prevent the misconduct, or if the participant is one of the individuals subject to automatic forfeiture under section 304 of the Sarbanes-Oxley Act of 2002, then the participant must forfeit and disgorge any awards received during the twelve months following the filing of the financial document embodying such financial reporting requirement and any other awards earned based on the materially non-complying financial reporting. In addition, any award paid to a current or former executive officer during the three-year period preceding the date on which the restatement is required, based on erroneous data, must be forfeited and disgorged to us to the extent the award is in excess of what would have been paid to the officer. The Annual Incentive Plan also includes a clawback of any awards to the extent required by applicable law or regulations in effect on or after the effective date of the plan.

Officers' Rollover Stock Plan

Under the Officers' Rollover Stock Plan, (i) shares of common stock, (ii) restricted shares of common stock, (iii) shares of our special voting stock and (iv) non-qualified stock options were issued in exchange for the cancellation and surrender of shares and rights to purchase shares granted under our previous stock rights plan in connection with Carlyle's investment in our company.

Eligibility and Shares Subject to the Officers' Rollover Stock Plan. Certain officers who held stock or options in Booz Allen Hamilton Inc. prior to the transaction were eligible to participate in the Officers' Rollover Stock Plan. The aggregate number of shares issuable under the Officers' Rollover Stock Plan is equal to the number of shares that were rolled by the officers, and these shares may be authorized but unissued, or reacquired common stock. The aggregate number of shares of special voting stock that was issuable under the Officers' Rollover Stock Plan was equal to the number of stock rights that were rolled by the executive officers.

Administration. The administrator administers the Officers' Rollover Stock Plan. The administrator has the authority to determine the fair market value, make determinations as to the termination of an officer with respect to the officer's awards, approve forms of agreement for use under the plan, prescribe, amend and rescind rules and regulations relating to the plan, construe the terms of the plan, and make all other decisions and determinations that may be required under the plan.

Restricted Stock

Grant. Restricted stock was granted to executive officers under the Officers' Rollover Stock Plan in exchange for stock rights that were originally scheduled to vest and be exercised in 2008.

Vesting. With respect to officers who were eligible to retire from employment as of December 31, 2008 (the "retirement eligible officers"), the restricted stock vests in equal annual installments on June 30, 2009, 2010 and 2011. With respect to all other officers, fifty percent (50%) of the restricted stock vests on June 30, 2011, and twenty-five percent (25%) vests on each of June 30, 2012 and 2013. If an officer's employment is terminated for cause or if the officer engages in competitive activity (each as defined in the Officers' Rollover Stock Plan) during or following termination of employment, then our company has a right to repurchase the unvested restricted stock as described below. Otherwise, all shares of restricted stock will continue to vest without regard to his or her termination of employment and if an officer's employment is terminated by reason of the officer's death, all unvested shares of restricted stock vest as of the date of such termination of employment. Upon vesting, restricted stock is subject to the same repurchase provisions provided for common stock as described below.

Options

Grant. Options and shares of special voting stock were granted to officers under the Officers' Rollover Stock Plan in exchange for the surrender and cancellation of their rights to purchase stock in Booz Allen Hamilton Inc. other than those rights that were originally scheduled to vest and be exercised in 2008. The number of shares underlying each option (and, accordingly, an equal number of shares of special voting stock) and the exercise price for each option were determined by the administrator. Certain of the options ("excess options") were granted to certain officers who chose to exchange an amount of stock rights in excess of the amount the officer was required to exchange.

Vesting. With respect to retirement eligible officers, the options vest in equal annual installments on June 30, 2009, 2010 and 2011. With respect to all other officers, fifty percent (50%) of the new options vest on June 30, 2011, and twenty-five percent (25%) will vest on or about each of June 30, 2012 and 2013.

Exercise. To the extent options granted to retirement eligible officers ("retirement options") become vested, they become exercisable as set forth below (all vested options must be exercised within sixty (60) days following the annual exercise dates unless an officer receives written consent from the administrator, in which case the options may be exercised through the end of the year in which they vest):

Exercise Commencement Date	June 30, 2009	June 30, 2010	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014
Percentage of Retirement Options with June 30, 2009 vesting date to be exercised	60%	20%	20%	—	—	—
Percentage of Retirement Options with June 30, 2010 vesting date to be exercised	—	50%	20%	20%	10%	—
Percentage of Retirement Options with June 30, 2011 vesting date to be exercised	—	—	20%	20%	30%	30%

To the extent options granted to all other officers (“regular options”) become vested, they will become exercisable as set forth below (all vested options must be exercised within sixty (60) days following the annual exercise dates unless an officer receives written consent from the administrator, in which case the options may be exercised through the end of the year in which they vest):

Exercise Commencement Date	June 30, 2011	June 30, 2012	June 30, 2013	June 30, 2014	June 30, 2015
Percentage of Regular Options with June 30, 2011 vesting date to be exercised	20%	20%	20%	20%	20%
Percentage of Regular Options with June 30, 2012 vesting date to be exercised	—	25%	25%	25%	25%
Percentage of Regular Options with June 30, 2013 vesting date to be exercised	—	—	33%	33%	34%

Upon exercise of an option, an officer will sell to our company, and we will repurchase, at par value, one share of special voting stock for each regular option or retirement option exercised. If the officer fails to complete the purchase of shares of common stock within the time period set forth in the Officers’ Rollover Stock Plan or fails to file the 83(b) election with the Internal Revenue Service within thirty (30) days after exercise, the related shares of common stock will be deemed to have been forfeited by that officer, and the officer will sell to our company, and we will repurchase, at par value, the related number of shares of special voting stock acquired by the officer.

Treatment of Options Upon Termination of Employment

- *Cause or competitive activity:* If an officer’s employment is terminated for cause or if the officer engages in competitive activity (each as defined in the Officers’ Rollover Stock Plan) during or following termination of employment, then all unvested options will immediately be forfeited and we will have the right to convert vested but unexercised options into the right to receive upon exercise a cash payment equal to the excess, if any, of:
 - in the case of options (other than the excess options), (i) the lower of (a) fifty percent (50%) (or, in the case of a termination after June 30, 2016, ninety percent (90%)) of the fair market value of the shares subject thereto and (b) the “cost” over (ii) the per share exercise price, and
 - in the case of excess options, (i) the fair market value of the shares subject thereto over (ii) the per share exercise price.

“Cost” for this purpose means the greater of \$42.71 and the exercise price plus withholding taxes paid by the officer upon acquisition of the shares under the Officers’ Rollover Stock Plan.

- *Without cause, disability or company-approved departure:* In the event that an executive officer’s employment is terminated without cause or by reason of disability or through a company-approved departure, then unvested options will continue to vest as otherwise provided and any not previously expired or exercised options held by the officer can be exercised on the applicable exercise date. However, we will have the right to convert any portion of any unexercised options into the right to receive upon vesting and exercise a cash payment equal to the excess, if any, of:
 - in the case of options (other than the excess options), (i) in our discretion, (a) the fair market value of the shares subject to the options as of the date of termination, or (b) the cost, over (ii) the per share exercise price for the shares, and
 - in the case of excess options, (i) the fair market value of the shares subject thereto over (ii) the per share exercise price.
- *Death:* In the event that an officer’s employment is terminated by reason of death, any unvested portion of any options held by the officer (or his or her personal representative or person empowered under the deceased officer’s will or the then applicable laws (“eligible representative”)) and not previously expired or exercised, will immediately vest in full and any vested options held by the officer

(or his or her eligible representative) not previously expired or exercised, will be exercisable by the eligible representative during the calendar year following the year of the officer's death or, if earlier, at the time that the option would have otherwise been required to be exercised. We will have the right to convert all or any portion of any unexercised options into the right to receive upon vesting and exercise a cash payment equal to the excess, if any, of:

- in the case of options (other than the excess options), (i) in our discretion, (a) the fair market value of the shares subject to the option as of the date of termination, or (b) the cost, over (ii) the per share exercise price for the shares, and
- in the case of excess options, (i) the fair market value of the shares subject thereto, over (ii) the per share exercise price, which in each case, will be paid to the officer's eligible representative during the calendar year following the year of the officer's death or, if earlier, at the time the new option would have otherwise been required to be exercised.

Any option that is not exercised or converted into the right to receive a cash payment will terminate at the end of the calendar year following the year of the officer's death or, if earlier, the end of the calendar year in which it would have otherwise been required to be exercised.

- *Termination for any Other Reason:* In the event an officer's employment is terminated for any reason other than those set forth above, any vested option not previously exercised or expired will be exercisable on the applicable exercise date. All unvested options will be immediately forfeited and canceled effective as of the date of termination. We will have the right to convert all or any portion of any vested but unexercised options into the right to receive upon exercise a cash payment equal to the excess, if any, of
 - in the case of options (other than the excess options), (i) the lower of (a) the fair market value of the shares subject thereto and (b) the cost, over (ii) the per share exercise price, and
 - in the case of excess options, (i) the fair market value of the shares subject thereto over (ii) the per share exercise price.

Repurchase of Company Common Stock Subject to the Officers' Rollover Stock Plan upon Termination of Employment

For any shares acquired pursuant to the Officers' Rollover Stock Plan that are designated as excess rollover shares pursuant to an exchange agreement between the shareholder and our company or are received on the exercise of an excess option, the purchase price per share equals the fair market value.

- *Cause or Competitive Activity:* If an officer's employment is terminated for cause or if the officer engages in competitive activity each as defined in the Officers' Rollover Stock Plan after such termination, then
- *Common Stock:* the purchase price for any shares of common stock (other than shares acquired pursuant to the Officers' Rollover Stock Plan that are designated as excess rollover shares pursuant to an exchange agreement entered into between the shareholder and our company or are received on the exercise of an excess option) will equal
 - until June 30, 2016, the lower of (x) fifty percent (50%) of fair market value and (y) the cost and
 - after June 30, 2016, ninety percent (90%) of fair market value.
- *Unvested Restricted Stock:* the purchase price per share for any unvested restricted stock will equal the lower of (i) the exercise price of the 2008 stock rights with respect to which the restricted stock was granted plus any withholding taxes paid by the officer relating to the surrender of 2008 stock rights or the grant of the shares of restricted stock and minus any dividends paid on the restricted stock or (ii) fifty percent (50%) of the fair market value.

- *Without Cause, Disability, Death or Company Approved Departure:* If an officer's employment is terminated without cause or by reason of the officer's death or disability or company approved departure, then, the purchase price for any shares of common stock (other than excess rollover shares) will equal, in the administrator's discretion, either (x) the fair market value of the shares as of the repurchase date or (y) the cost.
- *Termination for any Other Reason:* If an officer is terminated for any other reason than those described above, then the purchase price for any shares of common stock (other than excess rollover shares) will equal, in our company's discretion, either (x) the fair market value of the shares as of the date of the repurchase or (y) the cost.

Change in Control

Upon a change in control, any unvested options will vest in full, and all options will become immediately exercisable. In connection with the foregoing, the administrator may provide that each option will be canceled in exchange for a payment in an amount equal to the number of shares covered by option times the excess, if any, of the change in control price (as defined in the Officers' Rollover Stock Plan) over any applicable exercise price for the option. Each option that is not canceled in exchange for a payment must be exercised no later than the earlier of ninety (90) days after a change in control or the end of the calendar year of the change in control, or the options will be forfeited.

Adjustment in Capitalization

If the administrator determines that a corporate transaction or event (including, for example, any recapitalization (including a leveraged recapitalization), reclassification, stock split, reverse stock split, reorganization, merger, consolidation, acquisition, disposition, split-up, spin off, combination, repurchase, liquidation, dissolution, or sale, transfer, exchange or any disposition of all or substantially all of our capital stock or assets) in the administrator's discretion, affects the shares such that an adjustment to an award under the Officers' Rollover Stock Plan is determined by the administrator to be appropriate to prevent dilution or enlargement of benefits or potential benefits intended to be made available under the plan, then the administrator will adjust any or all of: (i) the number and kind of shares with respect to which an award may be granted under the plan; (ii) the number and kind of shares subject to outstanding awards; (iii) the grant or exercise price per share for any outstanding awards under the plan; (iv) the cost, or (v) the terms and conditions of any outstanding awards.

Equity Incentive Plan

Administration. Our Board has the power and authority to administer the Equity Incentive Plan. In accordance with the terms of the Equity Incentive Plan, our Board has delegated this power and authority to our Compensation Committee. Our Compensation Committee has the authority to interpret the terms and intent of the Equity Incentive Plan, to determine eligibility for and terms of awards for participants and to make all other determinations necessary or advisable for the administration of the Equity Incentive Plan.

Awards. Awards under the Equity Incentive Plan may be made in the form of stock options, which may be either incentive stock options or non-qualified stock options; stock purchase rights; restricted stock; restricted stock units; performance shares; performance units; stock appreciation rights; dividend equivalents; deferred share units; dividend equivalents; and other stock-based awards.

Shares Subject to the Plan. Subject to adjustment as described below, a total of 2,800,000 shares of our common stock will be available for issuance under the Equity Incentive Plan. Shares issued under the Equity Incentive Plan may be authorized but unissued shares or reacquired shares. At such time as Section 162(m) of the Internal Revenue Code is applicable to our company and the plan, (i) a participant may receive a maximum of 45,000 performance shares, shares of performance-based restricted stock and restricted stock units and performance-based deferred share units under the Equity Incentive Plan in any one year, (ii) the maximum dollar amount of cash that may be earned in connection with the grant of performance units during any calendar year may not exceed \$5,000,000 and (iii) the maximum number of stock options, SARs or other

awards based solely on the increase in the value of common stock that a participant may receive in one year is 70,000.

Any shares covered by an award, or portion of an award, granted under the plan that terminates, is forfeited, is repurchased (other than the repurchase of shares issued with respect to a vested award), expires, or lapses for any reason shall again be available for the grant of an award under the plan. Additionally, any shares tendered or withheld to satisfy the grant or exercise price or tax withholding obligations pursuant to any award shall again be available for issuance.

Terms and Conditions of Options and Stock Appreciation Rights. An “incentive stock option” is an option that meets the requirements of Section 422 of the Internal Revenue Code, and a “non-qualified stock option” is an option that does not meet those requirements. A “stock appreciation right” (or SAR) is the right of a participant to a payment, in cash, shares of common stock, or a combination of cash and shares equal to the amount by which the market value of a share of common stock exceeds the exercise price of the stock appreciation right. An option or SAR granted under the Equity Incentive Plan will be exercisable only to the extent that it is vested on the date of exercise. No option or SAR may be exercisable more than ten years from the grant date or five years from the grant date in the case of an award granted to a ten percent stockholder. Our Compensation Committee may include in the option agreement the period during which an option may be exercised following termination of employment or service. Stock appreciation rights may be granted to participants in tandem with options or on their own. Tandem stock appreciation rights will generally have substantially similar terms and conditions as the options with which they are granted.

The exercise price per share under each option granted under the plan may not be less than 100% of the fair market value of our common stock on the option grant date. For so long as our common stock is listed on an established stock exchange, the fair market value of the common stock will be the closing price of our common stock on the exchange on which it is listed on the option grant date. If there is no closing price reported on the option grant date, the fair market value will be deemed equal to the closing price on the exchange on which it is listed for the last preceding date on which sales of our common stock were reported. If the shares of our common stock are listed on more than one established stock exchange, the fair market value will be the closing price of a share of common stock reported on the New York Stock Exchange. If our common stock is not listed on any stock exchange or traded in the over-the-counter market, fair market value will be as determined in good faith by our Board in a manner consistent with Section 409A of the Internal Revenue Code.

The aggregate fair market value of all shares with respect to which incentive stock options are first exercisable by an award recipient in any calendar year may not exceed \$100,000 or such other limitation as imposed by Section 422(d) of the Internal Revenue Code.

Terms and Conditions of Restricted Stock and Restricted Stock Units. “Restricted stock” is an award of common stock on which certain restrictions are imposed over specified periods that subject the shares to a substantial risk of forfeiture, as defined in Section 83 of the Internal Revenue Code. A restricted stock unit is a unit, equivalent in value to a share of common stock, credited by means of a bookkeeping entry in our books to a participant’s account, which is settled in stock or cash upon vesting. Subject to the provisions of the equity plan, our Compensation Committee will determine the terms and conditions of each award of restricted stock or restricted stock units, including the restricted period for all or a portion of the award, and the restrictions applicable to the award. Restricted stock and restricted stock units granted under the plan will vest based on a minimum period of service or the occurrence of events specified by our Compensation Committee.

Terms and Conditions of Performance Shares and Performance Units. A “performance share” is an award of common stock that is subject to transfer restrictions until predetermined performance conditions have been achieved. A “performance unit” is a unit, equivalent in value to a share of common stock, that represents the right to receive a share of common stock or the equivalent cash value of a share of common stock if predetermined performance conditions are achieved. Vested performance units may be settled in cash, stock or a combination of cash and stock, at the discretion of the administrator. Performance shares and performance units will vest based on the achievement of pre-determined performance goals established by the Equity Incentive Plan administrator, performance goals may be based on: the total return to our shareholders inclusive

of dividends paid, during the performance cycle; earnings before interest, taxes, depreciation and amortization; operating earnings; net earnings; income; earnings before interest and taxes; total shareholder return; return on our assets; increase in our earnings or earnings per share; revenue growth; share price performance; return on invested capital; operating income; pre-or post-tax income; net income; economic value added; profit margins; cash flow; improvement in or attainment of expense or capital expenditure levels; improvement in or attainment of working capital levels; return on equity; debt reduction; gross profit; market share; cost reductions; workforce satisfaction and diversity goals; workplace health and safety goals; employee retention; completion of key projects and strategic plan development and/or implementation; job profit or performance against a multiplier; or when Section 162(m) of the Internal Revenue Code is not applicable to our company and the plan and for persons whose compensation is not subject to Section 162(m) of the Internal Revenue Code such other criteria as may be determined by the administrator. We intend to comply with the Section 162(m) limits after the post-IPO transition period expires in 2014. See “Compensation Discussion and Analysis — Effect of Accounting and Tax Treatment on Compensation Decisions.”

Terms and Conditions of Deferred Share Units. A “deferred share unit” is a unit credited to a participant’s account in our books that represents the right to receive a share of common stock or the equivalent cash value of a share of common stock upon a predetermined settlement date. Deferred share units may be granted by the administrator independent of other awards or compensation, or they may be received at the participant’s election instead of other compensation.

Other Stock-Based Awards. The plan administrator may make other equity-based or equity-related awards not otherwise described by the terms of the plan.

Dividend Equivalents. A dividend equivalent is the right to receive payments in cash or in stock, based on dividends with respect to shares of stock. Dividend equivalents may be granted to participants in tandem with another award or on their own.

Termination of Employment. Except as otherwise determined by the administrator at or after the time of grant, in the event a participant’s employment terminates for any reason other than cause, all unvested awards will be forfeited and all options and SARs that are vested and exercisable will remain exercisable until the first anniversary of the participant’s termination of employment, in the case of death or disability, or until the 60th day after the date of termination in the case of any other termination (or the expiration of the award’s term, whichever is earlier). In the event of a participant’s termination for cause, all unvested or unpaid awards, and all options and SARs, whether vested or unvested, will immediately be forfeited and canceled. In addition, any award that vested or was paid or otherwise settled during the twelve months prior to or any time after the participant engaged in the conduct that gave rise to the termination for cause is subject to forfeiture and disgorgement to us together with all gains earned or accrued due to the exercise of awards or sale of any of our common stock issued pursuant to the award upon demand by the administrator. The foregoing provisions do not apply to any options granted before this offering.

Other Forfeiture Provisions. If we are required to prepare an accounting restatement due to material noncompliance with any financial reporting requirement under the securities laws, and if a participant knowingly or grossly negligently engaged in the misconduct or knowingly or grossly negligently failed to prevent the misconduct, or if the participant is one of the individuals subject to automatic forfeiture under Section 304 of the Sarbanes-Oxley Act of 2002, then the participant must forfeit and disgorge (i) any awards granted or vested and all gains earned or accrued due to the exercise of stock options or SARs or the sale of any common stock during the twelve months following the filing of the financial document embodying such financial reporting requirement and (ii) any other awards that vested based on the materially non-complying financial reporting. In addition, any award paid to a current or former executive officer during the three-year period preceding the date on which the restatement is required, based on erroneous data, must be forfeited and disgorged to us to the extent the award is in excess of what would have been paid to the participant under the accounting restatement. To the extent required by applicable law or regulations, awards granted or vested and any gains earned or accrued due to the exercise of options or SARs or sale of common stock must be forfeited to us.

Unless otherwise determined by the Administrator, if a participant engages in competitive activity (as defined in the plan), (i) all options and SARs, whether vested or unvested, and all other awards that are unvested or unexercisable or otherwise unpaid shall be immediately forfeited (other than awards that vested or were paid to the participant more than 12 months prior to the date the participant engaged in competitive activity). Any award vested, paid or otherwise settled in the 12 months prior to the date that the participant engaged in the competitive activity or at any time thereafter is subject to forfeiture and disgorgement to us together with all gains earned or accrued due to the exercise of awards or sale of any of our common stock issued pursuant the award upon demand by the administrator. This provision does not apply to any options granted before this offering.

Unless otherwise determined by the administrator, if (i) the participant's performance is deemed to contribute substantially to significant financial losses, (ii) the participant's performance is deemed to contribute substantially to a significant downward restatement of any published results of our company or a subsidiary, (iii) the participant's conduct results in or contributes substantially to significant reputational harm to our company, (iv) the participant materially breaches applicable legal and/or regulatory requirements, (v) the participant's conduct constitutes cause (as defined in the plan) or (vi) the participant's conduct results in or contributes substantially to a material breach of our applicable internal policies and procedures, the administrator may suspend the vesting of a participant's unvested awards or subject any award vested, paid or otherwise settled in the twelve months prior to the date that the participant engaged in the misconduct or at any time thereafter to forfeiture and disgorgement to us together with all gains earned or accrued due to the exercise of awards or sale of any of our common stock issued pursuant the award upon demand by the administrator. This provision does not apply to any options granted before this offering.

Change in Capitalization or Other Corporate Event. The number and kind of shares of common stock covered by outstanding awards, the number and kind of shares of common stock that have been authorized for issuance under the plan, the exercise or purchase price of each outstanding award, and the like, shall be proportionally adjusted by the administrator in the event of any recapitalization, reclassification, stock split, special dividend, reverse stock split, reorganization, merger, consolidation, acquisition, disposition, split-up, spin off, combination, repurchase liquidation, dissolution, or sale, transfer, exchange or any disposition of all or substantially all of our capital stock or assets. Such adjustment shall be made by the administrator to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the plan or with respect to an award. All determinations and adjustments made by the administrator shall be final and binding.

Change in Control. Upon a change in control, unless otherwise determined by the administrator, all time-vesting awards fully vest and a pro-rated portion of outstanding performance-vesting awards vest based on the performance achieved as of the change in control.

EQUITY COMPENSATION PLANS

The following table presents information concerning the securities authorized for issuance pursuant to our equity compensation plans as of March 31, 2010:

Plan Category	Number of Securities to Be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity compensation plans approved by securityholders	2,641,080.7335(1)	\$23.74	759,953
Equity compensation plans not approved by securityholders	—	N/A	—
Total	2,641,080.7335(1)	\$23.74	759,953

(1) Upon the exercise of all outstanding options, we will issue 2,640,821 shares of Class A common stock and will redeem 259.7335 fractional shares for cash.

The table does not include the 1,000,000 shares issuable under our Employee Stock Purchase Plan or an additional 717,147 shares authorized for issuance under our Equity Incentive Plan after March 31, 2010.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Policies and Procedures for Related Person Transactions

Upon completion of this offering, we intend to adopt a related person transactions policy pursuant to which our executive officers, directors and principal stockholders, including their immediate family members, will not be permitted to enter into a related person transaction with us without the consent of our Audit Committee, another independent committee of our Board or the full Board. Any request for us to enter into a transaction with an executive officer, director, principal stockholder or any of such persons' immediate family members, in which the amount involved exceeds \$120,000, will be required to be presented to our Audit Committee for review, consideration and approval. All of our directors, executive officers and employees will be required to report to our Audit Committee any such related person transaction. In approving or rejecting the proposed transaction, our Audit Committee will take into account, among other factors it deems appropriate, whether the proposed related person transaction is on terms no less favorable than terms generally available to an unaffiliated third party under the same or similar circumstances, the extent of the person's interest in the transaction and, if applicable, the impact on a director's independence. Under the policy, if we should discover related person transactions that have not been approved, our Audit Committee will be notified and will determine the appropriate action, including ratification, rescission or amendment of the transaction. A copy of our related person transactions policy will be available on our website.

Related Person Transactions

Set forth below is a summary of certain transactions since April 1, 2009 among us, our directors, our executive officers, beneficial owners of more than 5% of any class of our common stock or our preferred stock outstanding before completion of the offering and some of the entities with which the foregoing persons are affiliated or associated in which the amount involved exceeds or will exceed \$120,000.

Common Stock Dividends

On July 27, 2009, our Board approved a special dividend of \$10.87 per share paid on July 29, 2009 to holders of record as of July 29, 2009 of our Class A common stock, Class B non-voting common stock and Class C restricted common stock, totaling an aggregate amount of \$114.9 million, of which Coinvest received \$104.0 million. See "Dividend Policy."

On December 7, 2009, our Board approved a special dividend of \$46.42 per share paid on December 11, 2009 to holders of record as of December 8, 2009 of our Class A common stock, Class B non-voting common stock and Class C restricted common stock, totaling an aggregate amount of \$497.5 million, approximately \$444.1 million of which was paid to Coinvest. See "Dividend Policy."

Stockholders Agreement

In connection with the acquisition, on July 31, 2008, Booz Allen Holding, Coinvest, certain members of the management of Booz Allen Holding and certain other stockholders of Booz Allen Holding entered into the stockholders agreement. Under the stockholders agreement, the number of directors on the Board of Booz Allen Holding is set at six directors and may be increased, by action of the Board, to not more than nine directors. Subject to certain conditions and restrictions, at least a majority of the members of the Board are to be designated by Carlyle, through Coinvest, and at least two members of the Board must be full-time employees of Booz Allen Hamilton and are to be designated by Booz Allen Holding's Chief Executive Officer and all parties to the stockholders agreement agree to vote their voting shares in favor of such designees. At such time as Carlyle, through Coinvest, ceases to own at least 40% of the economic interests in Booz Allen Holding represented by its issued and outstanding common stock, Carlyle and Booz Allen Holding will use commercially reasonable efforts to amend the board representation provisions of the stockholders agreement consistent with the ownership position of Carlyle at that time. Upon effectiveness of the registration statement of which this prospectus forms a part, the stockholders agreement will be amended and restated. Under the amended and restated stockholders agreement, Carlyle will continue to have the right to designate a majority

of the members of our Board for election and Booz Allen Holding's Chief Executive Officer will continue to have the right to designate at least two members who are full time employees of Booz Allen Hamilton, but only Carlyle and our executive officers will be required to vote the voting shares over which they have voting control in favor of Carlyle's and the Chief Executive Officers' designees. In addition, under the amended and restated stockholders agreement, at such time as Carlyle, through Coinvest, ceases to own at least 40% of the economic interests in Booz Allen Holding represented by its issued and outstanding common stock, Carlyle and our executive officers will use commercially reasonable efforts to amend the Board representation provisions of the amended and restated stockholders agreement consistent with the reduced ownership position of Carlyle at the time. See "Management — Executive Officers and Directors" and "— Board Composition."

Each individual stockholder who is a party to the stockholders agreement currently has certain tag-along rights in the event that Carlyle proposes to transfer securities issued by Booz Allen Holding to a third party purchaser. Under the amended and restated stockholders agreement, individual stockholders will no longer have such tag-along rights. In addition, Carlyle may currently compel each individual stockholder who is a party to the stockholders agreement to sell a certain number of securities issued by Booz Allen Holding in the event that Carlyle proposes to transfer securities issued by Booz Allen Holding to a third party purchaser. Under the amended and restated stockholders agreement, such drag-along rights will be limited to apply only to executive officers. Notwithstanding the foregoing as well as certain other limited exceptions (including an exception for transfers occurring at least 180 days following an initial public offering), the stockholders agreement restricts the transfer of securities of Booz Allen Holding by non-Carlyle stockholders without the prior written approval of Carlyle. Under the amended and restated stockholders agreement, such transfers will be restricted without the prior approval of Booz Allen Holding, rather than Carlyle. In addition, parties to the amended and restated stockholders agreement will not be able to transfer shares of our common stock until 180 days after the consummation of this offering without our approval and we have agreed not to release our stockholders prior to the expiration of the 180-day period without the consent of Morgan Stanley & Co. Incorporated and Barclays Capital Inc. See "Shares of Common Stock Eligible for Future Sale — Lock-Up Agreements."

Under the stockholders agreement and the amended and restated stockholders agreement, in the event of any sale of shares of Class B non-voting common stock or Class C restricted common stock pursuant to the exercise of bring-along rights by Carlyle, certain transfers following an initial public offering or pursuant to the exercise of registration rights (discussed below), such shares will be converted into shares of Class A common stock.

Carlyle has registration rights under the stockholders agreement, and will continue to have such rights under the amended and restated stockholders agreement, with respect to 9,566,000 shares of Class A common stock that it owned as of June 30, 2010 and, in certain circumstances, other stockholders of Booz Allen Holding who are party to the stockholders agreement may have the right, subject to certain exceptions, to request that certain securities (including shares of Class A common stock held by such stockholders and shares of Class A common stock issuable upon exercise of options or upon conversion from Class B or Class C common stock) be registered. To the extent Carlyle acquires shares of Class B or Class C common stock or options exercisable for shares of Class A common stock, it would have registration rights with respect to the shares of Class A common stock issuable upon conversion or exercise thereof. Booz Allen Holding has agreed to indemnify the stockholders that are a party to the stockholders agreement and their affiliates and will continue to indemnify the parties to the amended and restated stockholders agreement and their affiliates, from liabilities resulting from the registration of securities of Booz Allen Holding pursuant to the stockholders agreement.

Booz Allen Holding has certain repurchase rights under the stockholders agreement, and will continue to have such rights under the amended and restated stockholders agreement, with respect to Class A, Class B, Class C and Class E common stock and options issued to a management stockholder under the Equity Incentive Plan for up to nine months after the occurrence of certain events specified in the stockholders agreement. Similar repurchase rights exist for Class A, Class B, Class C and Class E common stock and options held by other stockholders of Booz Allen Holding that becomes an employee, consultant or independent contractor for certain competitors of Booz Allen Hamilton. As of June 30, 2010, management and

other stockholders (not including Carlyle) held 700,161 shares of Class A common stock and all of the outstanding shares of our Class B, Class C and Class E common stock.

The stockholders agreement includes, and the amended and restated stockholders agreement will include, a waiver by management stockholders of certain rights to receive payments or other benefits that would constitute a "parachute payment" made in connection with a "change in ownership or control" of a corporation, within the meaning of Section 280G of the Internal Revenue Code of 1986, or the Code, as amended, which could reasonably be expected to result in the imposition of an excise tax on the management stockholder under Section 4999 of the Code or in the loss of any income tax deductions by Booz Allen Holding or the person making such payment under Section 280G of the Code. This waiver does not apply in certain circumstances, including at such time as Booz Allen Holding has publicly traded securities and where Booz Allen Holding obtains the requisite stockholder approval of such payments or the unaffiliated directors determine the waiver should not apply.

The amended and restated stockholders agreement will terminate upon a sale or change of control of Booz Allen Holding or such time as more than 60% of its equity securities have been sold to the public.

Irrevocable Proxy and Tag-Along Agreements

In connection with the amendment and restatement of the stockholders agreement, Carlyle is making a unilateral offer to each individual stockholder that is a party to the stockholders agreement to grant such stockholder a new pro rata tag-along right on certain transfers by Carlyle to third-party purchasers. In exchange for this tag-along right, Carlyle will receive an irrevocable proxy from each stockholder who enters into such agreement to vote such stockholders' securities with respect to the election and removal of directors and to approve any company sale that has already been approved by the board of Booz Allen Holding and the holders of a majority of its voting shares. This new tag-along right and proxy will be granted pursuant to separate irrevocable proxy and tag-along agreements to be entered into between Carlyle and each such individual stockholder and to be effective upon the effectiveness of the registration statement of which this prospectus forms a part. These arrangements will terminate at such time as Carlyle ceases to own at least 25% of the economic interests in Booz Allen Holding represented by its issued and outstanding common stock or such time as more than 60% of its equity securities have been sold to the public.

The Management Agreement

On July 31, 2008, Booz Allen Holding and Booz Allen Hamilton entered into a management agreement with TC Group V US, L.L.C., a company affiliated with Carlyle, or TC Group, pursuant to which TC Group provides Booz Allen Holding and its subsidiaries, including Booz Allen Hamilton, with advisory, consulting and other services. Booz Allen Holding pays TC Group an aggregate annual fee of \$1.0 million for such services, plus expenses. In addition, Booz Allen Holding made a one-time payment to TC Group of \$20.0 million for investment banking, financial advisory and other services provided to Booz Allen Holding in connection with the acquisition. Furthermore, in consideration for any additional investment banking services provided by TC Group and other services other than advisory and consulting services described above, TC Group is entitled to receive additional reasonable compensation as agreed by the parties.

The management agreement also provides that Booz Allen Hamilton will indemnify the TC Group and its officers, employees, agents, representatives, members and affiliates against certain liabilities relating to or arising out of the performance of the management agreement and certain other claims and liabilities. Prior to the completion of this offering, we will enter into indemnification agreements with each of our directors. The indemnification agreements will provide the directors with contractual rights to the indemnification and expense advancement rights provided under our bylaws, as well as contractual rights to additional indemnification as provided in the indemnification agreements.

We believe that the management and indemnification agreements are, in form and substance, substantially similar to those commonly entered into in transactions of like size and complexity sponsored by private equity firms. We further believe that the fees incurred by us under the management agreement are customary and within the range charged by similarly situated sponsors. In addition, from time to time and in the ordinary

course of business, we engage other Carlyle portfolio companies as subcontractors or service providers and they engage us as subcontractors or service providers. The cost and revenue associated with these related party transactions were \$13.5 million and \$15.1 million, respectively, for fiscal 2010, and \$3.1 million and \$2.6 million, respectively, for the three months ended June 30, 2010.

The Acquisition

In connection with the acquisition, our current and former executive officers listed below (or their related family trusts) received a combination of current and deferred cash consideration as well as stock and options in Booz Allen Holding. Of the overall cash consideration, \$158.0 million was structured as an interest in the deferred payment obligation and \$90.0 million was deposited into escrow to fund certain purchase price adjustments, future indemnification claims under the merger agreement and for certain other adjustments. The remainder of the cash consideration was paid on the Closing Date as part of the acquisition. The current and former executive officers listed below (or their related family trusts) receive their pro rata share of any payments of the deferred payment obligation and any releases of funds held in escrow to selling stockholders. On December 11, 2009, approximately \$100.4 million of the deferred payment obligation, including \$22.4 million in accrued interest, was repaid to selling stockholders and our current and former executive officers (or their related family trusts) received their pro rata share of that partial repayment. For further information on the partial repayment of the deferred payment obligation, see "The Acquisition and Recapitalization Transaction."

The table below sets forth the cash proceeds received by our current and former executive officers (and their related family trusts) on the Closing Date, the number of shares of Class A Common Stock received as part of the exchange of equity in Booz Allen Hamilton for equity in Booz Allen Holding, cash received on the partial repayment of the deferred payment obligation in December 2009 and the percentage interest of our current and former executive officers (and their related family trusts) in the deferred payment obligation and the funds held in escrow under the merger agreement. For a description of the restricted stock and options received by our named executive officers in connection with the acquisition, see "Executive Compensation."

Executive Officer	Gross Cash Received at Closing (\$)	Shares of Class A Common Stock Received (#)(1)	Partial Repayment of Deferred Payment Obligation (\$)	Escrow Percentage (%)	Deferred Payment Obligation Percentage (%)
Ralph W. Shrader, President and Chief Executive Officer	\$30,963,618	180,178	\$3,049,845	3.02%	3.04%
Samuel R. Strickland, Executive Vice President and Chief Financial Officer	\$ 6,867,181	—	\$ 698,923	0.69%	0.70%
CG Appleby, Executive Vice President and General Counsel	\$22,117,104	106,885	\$2,178,461	2.16%	2.17%
Joseph E. Garner, Executive Vice President	\$11,058,800	18,705	\$1,089,230	1.08%	1.08%
Francis J. Henry, Executive Vice President	\$ 3,487,591	—	\$ 344,923	0.34%	0.34%
Horacio D. Rozanski, Executive Vice President and Chief Strategy and Talent Officer	\$ 2,411,507	2,290	\$ 299,538	0.30%	0.30%
John D. Mayer, Executive Vice President	\$ 2,757,101	—	\$ 317,692	0.31%	0.32%
Joseph Logue, Executive Vice President	\$ 1,412,668	—	\$ 181,538	0.18%	0.18%
Joseph W. Mahaffee, Executive Vice President	\$ 3,668,814	—	\$ 363,077	0.36%	0.36%
Lloyd Howell, Jr., Executive Vice President	\$ 1,796,103	—	\$ 226,923	0.22%	0.23%
Patrick F. Peck, Executive Vice President	\$ 4,515,771	954	\$ 444,769	0.44%	0.44%
Dennis Doughty (retired)	\$16,835,098	—	\$1,270,769	1.26%	1.27%

(1) Does not reflect -for-1 split of our outstanding common stock to be effected prior to the completion of this offering.

As of June 30, 2010, there was approximately \$84.4 million of the deferred payment obligation outstanding, including accrued interest, and approximately \$33.8 million of funds, including accrued interest, remaining in escrow under the merger agreement. As these amounts are subject to various indemnification claims and other

offsets, the ultimate value of our current and former executive officers' (or their related family trusts') interests in these amounts will not be known until all such claims and other offsets are resolved.

Other Relationships

Jeffrey M. Shrader and Bryan E. Shrader, senior associates at our company, are sons of Dr. Ralph Shrader, our Chairman of the Board, President and Chief Executive Officer. Jeffrey Shrader was hired in July 2009 at a base salary of \$185,000 and earned a bonus of \$14,340 in fiscal 2010. Bryan Shrader earned a base salary of \$158,209, a bonus of \$36,500 and retirement contributions of \$23,187 in fiscal 2010; and received a base salary of \$100,450 in the eight months ended March 31, 2009 and retirement contributions of \$20,664 in the eight months ended March 31, 2009, as well as a bonus of \$30,135 for the eight-month period. They also participate in the Company's other benefit programs on the same basis as other employees at the same level. During the first quarter of fiscal 2011, they were employed by us under similar terms.

Cameron A. Mayer, a senior associate at our company, is the son of Mr. John Mayer, an Executive Vice President of our company. He earned a base salary of \$135,000, a bonus of \$57,500 and received retirement contributions of \$18,848 in fiscal 2010 and received base salary of \$78,333 in the eight months ended March 31, 2009 and retirement contributions of \$14,820 in the eight months ended March 31, 2009, as well as a bonus of \$28,200 for the eight-month period. Mr. Mayer also participates in the Company's other benefit programs on the same basis as other employees at the same level. During the first quarter of fiscal 2011, Mr. Mayer was employed by us under similar terms.

Alberto L. Iannitto, an associate at our company, is the brother-in-law of Mr. Joseph Logue, an Executive Vice President of our company. He earned a base salary of \$112,400 and received retirement contributions of \$11,219 in fiscal 2010. Mr. Iannitto also participates in the Company's other benefit programs on the same basis as other employees at the same level. During the first quarter of fiscal 2011, Mr. Iannitto was employed by us under similar terms.

Gail S. Harman, an executive assistant at our company, is the sister of Mr. Samuel Strickland, our Chief Financial and Administrative Officer and an Executive Vice President of our company. She earned a base salary of \$105,575 and received retirement contributions of \$12,467 in fiscal 2010. Ms. Harman also participates in the Company's other benefit programs on the same basis as other employees at the same level. During the first quarter of fiscal 2011, Ms. Harman was employed by us under similar terms.

During the first quarter of fiscal 2011, fiscal 2010 and in the eight months ended March 31, 2009, we recorded expenses of \$176,058, \$690,577 and \$150,511, respectively, for the hiring and use of an aircraft solely for business purposes owned by a company of which our Chairman of the Board, President and Chief Executive Officer, Dr. Shrader, is the sole owner. The payments we made to the affiliate of Dr. Shrader for such use were based on the market rate charged to third parties for use of the aircraft. In addition, we recorded expenses of \$2,528 and \$57,777 in fiscal 2010 and the eight months ended March 31, 2009, respectively, for legal and consulting fees incurred by such affiliate in connection with the acquisition of the aircraft and paid by our company.

DESCRIPTION OF CERTAIN INDEBTEDNESS

Senior Credit Facilities

Overview

In connection with the acquisition, Booz Allen Investor, as guarantor, and Booz Allen Hamilton, as borrower, entered into a credit agreement, dated as of July 31, 2008, with respect to our senior credit facilities, with Credit Suisse AG, Cayman Islands Branch, as administrative agent and collateral agent, Credit Suisse AG, Cayman Islands Branch, as issuing lender, and the other financial institutions party thereto from time to time. In connection with the recapitalization transaction, on December 11, 2009, the credit agreement with respect to our senior credit facilities was amended and restated in order to, among other things, permit the recapitalization transaction, add the Tranche C term facility under the senior term facilities and increase commitments under the revolving credit facility.

Our senior credit facilities provide for (1) the senior term facilities, which include: (a) the Tranche A term facility in an original aggregate principal amount of up to \$125.0 million, (b) the Tranche B term facility in an original aggregate principal amount of up to \$585.0 million, and (c) the Tranche C term facility in an original aggregate principal amount of up to \$350.0 million, and (2) the revolving credit facility in an aggregate principal amount of up to \$245.0 million. A portion of the revolving credit facility is available for swingline loans in an amount not to exceed \$80.0 million and letters of credit in an amount not to exceed \$60.0 million.

In addition, Booz Allen Hamilton may, at its option and subject to certain closing conditions including pro forma compliance with financial covenants, increase our senior credit facilities without the consent of any person other than the institutions agreeing to provide all or any portion of such increase, in an amount not to exceed \$100 million. Any such increase may consist of new term loans or new revolving commitments, at Booz Allen Hamilton's option.

As of June 30, 2010, we had \$107.8 million outstanding under the Tranche A term facility, \$565.7 million outstanding under the Tranche B term facility, \$345.1 million outstanding under the Tranche C term facility, and no loans outstanding under the revolving credit facility, and had \$222.4 million of available and unused commitments under the revolving credit facility (excluding the \$21.3 million commitment by the successor entity to Lehman Brothers Commercial Bank). The successor entity to Lehman Brothers Commercial Bank is one of the lenders under the revolving credit facility and as a result of the bankruptcy of its parent company, the availability under the revolving credit facility was effectively reduced by its commitment of \$21.3 million.

Maturity; Amortization and Prepayments

The revolving credit facility and the Tranche A term facility mature on July 31, 2014. The Tranche B term facility and Tranche C term facility mature on July 31, 2015. The term loans under the Tranche A term facility amortize in quarterly installments varying from 1.25% to 5.00% of the aggregate principal amount thereof funded on the closing date of our senior credit facilities, with the balance due on their maturity date. The term loans under the Tranche B term facility and Tranche C term facility amortize in equal quarterly installments of 0.25% of the aggregate amount thereof funded on the closing date of our senior credit facilities and on the amendment and restatement date of our senior credit facilities, respectively, with the balance due on their maturity date. Prior to the revolving credit facility maturity date, loans under the revolving credit facility may be borrowed, repaid and reborrowed.

Loans under our senior credit facilities may be prepaid at the borrower's option without premium or penalty. Subject to certain exceptions, the senior term facilities are subject to mandatory prepayment in amounts equal to (1) the net cash proceeds of (a) certain indebtedness incurred by Booz Allen Hamilton and certain of its subsidiaries (excluding indebtedness permitted under our senior credit facilities) and (b) certain asset sales or insurance recovery and condemnation events and (2) 50% (which percentage will be reduced

upon the achievement of certain consolidated total leverage ratios) of annual excess cash flow (as defined in our senior credit facilities).

Guaranties; Security

Booz Allen Investor and the following subsidiaries of Booz Allen Hamilton, ASE, Inc., Booz Allen Hamilton International, Inc. and Booz Allen Transportation, Inc. provided an unconditional guaranty of all amounts owing under our senior credit facilities. Subject to certain exceptions, each newly-formed material domestic wholly-owned subsidiary of Booz Allen Hamilton will be required to guaranty all amounts owing under our senior credit facilities. In addition, subject to certain exceptions, obligations of the borrower under our senior credit facilities and the guaranties of the guarantors thereunder are secured by first priority perfected security interests in substantially all of the tangible and intangible assets of the borrower and the guarantors.

Interest

At the borrower's election, the interest rate per annum applicable to loans under our senior credit facilities are based on a fluctuating rate of interest measured by reference to either (i) an adjusted London inter-bank offered rate (adjusted for maximum reserves) (LIBOR), plus a borrowing margin, and (ii) an alternate base rate equal to the greater of the prime commercial lending rate and the weighted average of the rates on overnight federal funds transactions plus 0.5% (ABR), plus a borrowing margin. Our senior credit facilities provide for certain interest rate floors, so that (i) with respect to the Tranche B term facility, at any time prior to the third anniversary of the closing date of our senior credit facilities, LIBOR loans will bear interest at a rate no less than 3% plus the applicable borrowing margin and ABR loans will bear interest at a rate no less than 4% plus the applicable borrowing margin, and (ii) with respect to the Tranche C term facility, LIBOR loans will bear interest at a rate no less than 2% plus the applicable borrowing margin and ABR loans will bear interest at a rate no less than 3% plus the applicable borrowing margin. The borrowing margin with respect to the Tranche A term facility is 4% or 3.75% with respect to LIBOR loans and 3% or 2.75% for ABR loans, depending upon a consolidated total leverage ratio based pricing grid. The borrowing margin with respect to the Tranche B term facility is 4.5% for LIBOR loans and 3.5% for ABR loans. The borrowing margin with respect to the Tranche C term facility is 4% for LIBOR loans and 3% for ABR loans. The borrowing margin with respect to the revolving credit facility is 4% or 3.75% with respect to LIBOR loans and 3% or 2.75% for ABR loans, depending upon a consolidated total leverage ratio based pricing grid.

Fees

The borrower will pay (1) fees on the unused commitments of the lenders under the revolving credit facility equal to 0.50% or 0.375%, depending upon a consolidated total leverage ratio based pricing grid, (2) a letter of credit fee on the outstanding stated amount of letters of credit plus fronting fees for the letter of credit issuing banks and (3) other customary fees in respect of our senior credit facilities.

Covenants

Our senior credit facilities contain a number of covenants that, among other things, limit or restrict the ability of the borrower and the guarantors to incur additional indebtedness, including guaranties of indebtedness; engage in mergers, acquisitions or dispositions; enter into sale-leaseback transactions; make dividends and other restricted payments (subject to certain exceptions, including for dividends in an aggregate amount not exceeding 6.0% per year of the net cash proceeds received by the borrower from an initial public offering of its parent company); prepay specified indebtedness; engage in certain transactions with affiliates; make other investments; change the nature of its business; incur liens; and amend specified debt agreements. Our senior credit facilities also contain a covenant restricting the ability of Booz Allen Investor to take actions other than those enumerated. In addition, under our senior credit facilities, the borrower will be required to

comply with a minimum consolidated net interest coverage ratio and a maximum consolidated total leverage ratio as of the last day of any test period during any period set forth in the following tables:

Period	Consolidated Total Leverage Ratio
September 30, 2010	5.50:1.00
December 31, 2010	5.00:1.00
March 31, 2011	5.00:1.00
June 30, 2011	4.50:1.00
September 30, 2011	4.50:1.00
December 31, 2011	4.25:1.00
March 31, 2012	4.25:1.00
June 30, 2012	4.00:1.00
September 30, 2012	4.00:1.00
December 31, 2012 and thereafter	3.75:1.00

Period	Consolidated Net Interest Coverage Ratio
September 30, 2010	1.80:1.00
December 31, 2010	1.90:1.00
March 31, 2011	1.90:1.00
June 30, 2011	2.00:1.00
September 30, 2011	2.00:1.00
December 31, 2011	2.10:1.00
March 31, 2012	2.10:1.00
June 30, 2012	2.20:1.00
September 30, 2012	2.20:1.00
December 31, 2012 and thereafter	2.30:1.00

As of March 31, 2010, the borrower was in compliance with such financial ratios and tests.

Events of Default

Our senior credit facilities contain customary events of default, including nonpayment of principal when due; nonpayment of interest, fees or other amounts, in each case after a grace period; material inaccuracy of a representation or warranty when made or deemed made; violation of a covenant (subject, in the case of certain covenants, to a grace period to be agreed upon and notice); cross-default and cross-acceleration to material indebtedness; bankruptcy events; ERISA events subject to a material adverse effect qualifier; material monetary judgments; actual or asserted invalidity of any guarantee or security document; impairment of security interests; and a change of control.

Mezzanine Credit Facility

Overview

In connection with the acquisition, Booz Allen Investor, as guarantor, and Booz Allen Hamilton, as borrower, entered into a mezzanine credit agreement, dated as of July 31, 2008, with respect to our mezzanine credit facility, with Credit Suisse, as administrative agent, and the other financial institutions party thereto from time to time. In connection with the recapitalization transaction, on December 11, 2009, the credit agreement with respect to our mezzanine credit facility was amended to, among other things, permit the recapitalization transaction, the incurrence of loans under the Tranche C term facility and the increase in

commitments under the revolving credit facility. As of June 30, 2010, we had \$545.3 million of term loans outstanding under our mezzanine credit facility. On August 2, 2010, we repaid \$85.0 million of indebtedness outstanding under our mezzanine credit facility and paid a \$2.6 million associated prepayment penalty.

Maturity; Prepayments

Our mezzanine credit facility matures on July 31, 2016. The term loans under our mezzanine credit facility will not amortize. Payments of the term loans under our mezzanine credit facility on the maturity date are subject to a 1% premium.

Optional prepayments of the term loans under our mezzanine credit facility are subject to prepayment premiums equal to (A) if such prepayment is made on or after the fourth anniversary of the closing date of our mezzanine credit facility, 1.0%, (B) if such prepayment is made on or after the third anniversary of the closing date of our mezzanine credit facility but prior to the fourth anniversary of the closing date of our mezzanine credit facility, 2.0% and (C) if such prepayment is made on or after the second anniversary of the closing date of our mezzanine credit facility but prior to the third anniversary of the closing date of our mezzanine credit facility, 3.0%.

Upon the occurrence of a change of control, each lender shall have the right to require the borrower to prepay at a price in cash equal to 101% of the principal amount being prepaid plus accrued and unpaid interest. In addition, the borrower will be subject to certain mandatory prepayments after the fifth anniversary of the closing date of our mezzanine credit facility in an amount sufficient so that the loans under our mezzanine credit facility are treated as not having "significant original issue discount" for purposes of the internal revenue code.

Guarantees

Booz Allen Investor, ASE, Inc., Booz Allen Hamilton International, Inc., and Booz Allen Transportation Inc. provided an unconditional guaranty of all amounts owing under our mezzanine credit facility. Subject to certain exceptions, each newly-formed material domestic wholly-owned subsidiary of Booz Allen Hamilton will be required to guaranty all amounts owing under our mezzanine credit facility.

Interest

The interest rate per annum applicable to the loans under our mezzanine credit facility is 13%. In lieu of cash interest, the borrower may elect to pay interest in excess of 11% per annum in kind, through the addition of such amount to the then-outstanding aggregate principal amount of the loans under our mezzanine credit facility.

Fees

The borrower will pay administrative fees in respect of our mezzanine credit facility.

Covenants

Our mezzanine credit facility contains a number of covenants substantially identical to, but in certain cases (including with respect to limitations on dividends and other restricted payments) less restrictive than, the covenants contained in our senior credit facilities, except that, under our mezzanine credit facility, the borrower will not be required to comply with a consolidated net interest coverage ratio, and will be required

to comply with the following maximum leverage ratio as of the last day of any test period during any period set forth in the following table:

<u>Period</u>	<u>Consolidated Total Leverage Ratio</u>
September 30, 2010	6.60:1.00
December 31, 2010	6.00:1.00
March 31, 2011	6.00:1.00
June 30, 2011	5.40:1.00
September 30, 2011	5.40:1.00
December 31, 2011	5.10:1.00
March 31, 2012	5.10:1.00
June 30, 2012	4.80:1.00
September 30, 2012	4.80:1.00
December 31, 2012 and thereafter	4.50:1.00

Events of Default

Our mezzanine credit facility contains customary events of default, including nonpayment of principal when due; nonpayment of interest, fees or other amounts, in each case after a grace period; material inaccuracy of a representation or warranty when made or deemed made; violation of a covenant (subject, in the case of certain covenants, to a grace period to be agreed upon and notice); cross-acceleration to material indebtedness; bankruptcy events; ERISA events subject to a material adverse effect qualifier; material monetary judgments; and actual or asserted invalidity of any guarantee.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table indicates information as of September 23, 2010 regarding the beneficial ownership of our common stock by:

- each person, or group of persons, who is known to beneficially own more than 5% of any class of our common stock;
- each of our directors;
- each of the named executive officers; and
- all of our directors and executive officers as a group.

The percentages shown are based on 10,648,843, 305,313, 202,827 and 1,234,886 shares of Class A, Class B, Class C and Class E common stock outstanding as of September 23, 2010 and , , and shares of Class A, Class B, Class C and Class E common stock outstanding after the offering. The rights of the holders of Class A common stock, Class C restricted common stock and Class E special voting common stock are identical, except with respect to dividend and other distributions, vesting and conversion. Class A common stock, Class C restricted common stock and Class E special voting common stock are entitled to one vote per share on all matters voted on by our stockholders. The Class B common stock is non-voting common stock. Upon a transfer of Class B non-voting common stock and Class C restricted common stock that occurs at least 180 days following the completion of this offering, we will issue shares of Class A common stock to the transferee on a one-for-one basis. Class E common stock underlies certain outstanding options. When each option is exercised, we will repurchase the underlying share of Class E common stock and issue a share of Class A common stock to the option holder. See "Description of Capital Stock."

The amounts and percentages owned are reported on the basis of the SEC's regulations governing the determination of beneficial ownership of securities. The SEC's rules generally attribute beneficial ownership of securities to each person who possesses, either solely or shared with others, the voting power or investment power, which includes the power to dispose of those securities. The rules also treat as outstanding all shares of capital stock that a person would receive upon exercise of stock options or warrants held by that person that are immediately exercisable or exercisable within 60 days. These shares are deemed to be outstanding and to be beneficially owned by the person holding those options for the purpose of computing the number of shares beneficially owned and the percentage ownership of that person, but they are not treated as outstanding for the purpose of computing the percentage ownership of any other person. Under these rules, one or more persons may be a deemed beneficial owner of the same securities and a person may be deemed a beneficial owner of securities to which such person has no economic interest. Unless otherwise indicated, the persons or entities identified in this table have sole voting and investment power with respect to all shares shown as beneficially owned by them, subject to applicable community property laws.

Information with respect to beneficial ownership has been furnished by each director, officer, or beneficial owner of more than 5% of the shares of our common stock. Except as otherwise noted below, the address for each person listed on the table is c/o Booz Allen Hamilton Inc., 8283 Greensboro Drive, McLean, Virginia 22102.

As of September 23, 2010, our 110 partners owned 19% of our outstanding common shares, representing 18% of the total voting power in our company. Following completion of this offering and assuming that the underwriters do not exercise their option to purchase additional shares of Class A common stock, these officers will own in the aggregate % of our Class A common stock, and % of the total voting power in our company. Pursuant to new irrevocable proxy and tag-along agreements, Carlyle has received a voting proxy with respect to certain matters from a number of stockholders, including partners who owned outstanding common shares representing % of the voting power in our company. See "Certain Relationships and Related Party Transactions — Related Person Transactions — Irrevocable Proxy and Tag-Along Agreements."

Name and Address	Class of Stock	Shares Beneficially Owned Prior to Offering		Combined Voting Power of Shares of All Classes of Common Stock Beneficially Owned	Shares Beneficially Owned After the Offering Assuming the Underwriters' Option is Not Exercised		Combined Voting Power of Shares of All Classes of Common Stock Beneficially Owned	Shares Beneficially Owned After the Offering Assuming the Underwriters' Option is Exercised in Full		Combined Voting Power of Shares of All Classes of Common Stock Beneficially Owned
		Number of Shares	Percentage of Class		Number of Shares	Percentage of Class		Number of Shares	Percentage of Class	
Principal Stockholders										
Explorer Coinvest LLC(1) Shares Subject to Voting Proxy(3)	Class A(2)	9,566,000	89.83%	79.15%						Class A Class B Class C Class E Total
Executive Officers and Directors										
Ralph W. Shrader	Class A(4)(5) Class B Class C Class E Total	141,288 — 15,668 104,039 260,995	1.33% — 7.72% 8.42%	— — — — 2.16%						
Samuel R. Strickland	Class A(5)(6) Class B Class C Class E Total	28,902 — 10,623 28,122 67,647	* — 5.24% 2.28%	— — — — **						
CG Appleby	Class A(5)(7) Class B Class C Class E Total	138,288 — 15,668 33,746 187,702	1.30% — 7.72% 2.73%	— — — — 1.55%						
Joseph E. Garner	Class A(5)(8) Class B Class C Class E Total	49,611 — 13,490 33,096 96,197	* — 6.65% 2.68%	— — — — **						
John M. McConnell	Class A(5)(9) Class B Class C Class E Total	9,166 — — — 9,166	* — — —	— — — — **						
Peter Clare(10)	Class A Class B Class C Class E Total	— — — — —	— — — —	— — — — —						
Ian Fujiyama(10)	Class A Class B Class C Class E Total	— — — — —	— — — —	— — — — —						
Allan M. Holt(10)	Class A Class B Class C Class E Total	— — — — —	— — — —	— — — — —						

Name and Address	Class of Stock	Shares Beneficially Owned Prior to Offering			Combined Voting Power of Shares of All Classes of Common Stock Beneficially Owned	Shares Beneficially Owned After the Offering Assuming the Underwriters' Option is Not Exercised		Combined Voting Power of Shares of All Classes of Common Stock Beneficially Owned	Shares Beneficially Owned After the Offering Assuming the Underwriters' Option is Exercised in Full		Combined Voting Power of Shares of All Classes of Common Stock Beneficially Owned
		Number of Shares	Percentage of Class	Total Percentage	Total Percentage	Number of Shares	Percentage of Class	Total Percentage	Number of Shares	Percentage of Class	Total Percentage
Philip A. Odeen	Class A(11)	1,226	*								
	Class B	—	—								
	Class C	—	—								
	Class E	—	—								
	Total	1,226		**							
Charles O. Rossotti	Class A(12)	6,157	*								
	Class B	—	—								
	Class C	—	—								
	Class E	—	—								
	Total	6,157		**							
Executive Officers and Directors as a Group (17 Persons)(13)	Class A	467,982	4.36%								
	Class B	—	—								
	Class C	82,958	40.90%								
	Class E	336,150	27.22%								
	Total	887,090		7.29%							

* Represents beneficial ownership of less than 1%.

** Represents voting power of less than 1%.

- Carlyle Partners V US, L.P. is the managing member of Explorer Coinvest LLC. TC Group V US, L.P. is the sole general partner of Carlyle Partners V US, L.P. TC Group V US, L.L.C. is the sole general partner of TC Group V US, L.P. TC Group Investment Holdings, L.P. is the managing member of TC Group V US, L.L.C. TCG Holdings II, L.P. is the sole general partner of TC Group Investment Holdings, L.P. DBD Investors V, L.L.C. is the sole general partner of TCG Holdings II, L.P. and, in such capacity, exercises investment discretion and control of the shares beneficially owned by Explorer Coinvest LLC. DBD Investors V, L.L.C. is managed by a three-person managing board, and all board action relating to the voting or disposition of these shares requires approval of a majority of the board. The members of the managing board are William E. Conway, Jr., Daniel A. D'Aniello and David M. Rubenstein, all of whom disclaim beneficial ownership of these shares.
- Excludes shares of common stock owned by other parties to the current stockholders agreement prior to the offering of which Coinvest may be deemed to share beneficial ownership and Coinvest disclaims beneficial ownership of such shares.
- Reflects shares of common stock over which Coinvest holds a voting proxy with respect to certain matters pursuant to new irrevocable proxy and tag-along agreements between Carlyle and a number of other stockholders, including all of the executive officers. See "Certain Relationships and Related Party Transactions — Irrevocable Proxy and Tag-Along Agreements."
- Includes 5,598 shares that Dr. Shrader has the right to acquire through the exercise of options. Dr. Shrader shares investment power and voting power with his wife, Mrs. Janice W. Shrader, for 135,690 shares in the Ralph W. Shrader Revocable Trust.
- Excludes shares of common stock owned by other parties to the current stockholders agreement prior to the offering and the amended and restated stockholders agreement after the offering of which the executive officer may be deemed to share beneficial ownership. The executive officer disclaims beneficial ownership of such excluded shares. All shares owned by the executive officer are subject to an irrevocable proxy and tag-along agreement with Carlyle. See "Certain Relationships and Related Party Transactions — Related Person Transactions — Irrevocable Proxy and Tag-Along Agreements."

- (6) Includes 7,398 shares that Mr. Strickland has the right to acquire through the exercise of options. Mr. Strickland has sole investment power and voting power for 21,504 shares in the Samuel Strickland Revocable Trust.
- (7) Includes 5,598 shares that Mr. Appleby has the right to acquire through the exercise of options.
- (8) Includes 5,598 shares that Mr. Garner has the right to acquire through the exercise of options.
- (9) Includes 9,166 shares that Mr. McConnell has the right to acquire through the exercise of options.
- (10) Does not include shares of common stock held by Explorer Coinvest LLC, an affiliate of Carlyle. Messrs Clare, Fujiyama and Holt are directors of Booz Allen Holding and Managing Directors of Carlyle. Such persons disclaim beneficial ownership of the shares held by Explorer Coinvest LLC.
- (11) Includes 199 shares that Mr. Odeen has the right to acquire through the exercise of options.
- (12) Includes 199 shares that Mr. Rossotti has the right to acquire through the exercise of options.
- (13) Includes 83,544 shares that the directors and executive officers, in aggregate, have the right to acquire through the exercise of options.

DESCRIPTION OF CAPITAL STOCK

The following descriptions of our capital stock and provisions of our second amended and restated certificate of incorporation, which we refer to as our amended and restated certificate of incorporation and second amended and restated bylaws, which we refer to as our amended and restated by-laws are summaries of their material terms and provisions. Our amended and restated certificate of incorporation and amended and restated bylaws will become effective prior to the completion of this offering.

Common Stock

Our amended and restated certificate of incorporation authorizes the issuance of _____ shares of common stock, which includes:

- shares of Class A common stock, par value \$0.01 per share;
- shares of Class B non-voting common stock, par value \$0.01 per share;
- shares of Class C restricted common stock, par value \$0.01 per share; and
- shares of Class E special voting common stock, par value \$0.03 per share.

The shares of common stock issued and outstanding are as follows:

	As of June 30, 2010
Class A common stock	10,266,161
Class B non-voting common stock	305,313
Class C restricted common stock	202,827
Class E special voting common stock	1,404,881
Total shares outstanding	12,179,182

Shares of Class C restricted common stock were issued in connection with Carlyle's investment in our company to certain officers in exchange for stock rights with an exercise date in 2008 under the Booz Allen Hamilton stock plan. Class C Restricted Common Stock is restricted in that a record holder's shares vest as set forth in the Officers' Rollover Stock Plan.

Shares of Class E special voting common stock were issued pursuant to the Officers' Rollover Stock Plan in connection with the exchange of stock and options in Booz Allen Hamilton for stock and options in Booz Allen Holding as part of the acquisition. The number of shares of Class E special voting stock issued in the exchanges equaled the number of Rollover options to purchase Class A stock also exchanged. For each Rollover option exercised by an individual, a Class E special voting common stock will be repurchased by our company at par value and retired. The Officers' Rollover Stock Plan has a fixed vesting and exercise schedule to comply with Internal Revenue Code Section 409(a). In addition, a small number of shares of Class E special voting common stock that are not related to Rollover options have been issued pursuant to the stockholders agreement subsequent to the acquisition in connection with certain estate planning transfers.

Holders of Class A common stock, Class C restricted common stock and Class E special voting common stock are entitled to one vote for each share on all matters to be voted on by stockholders. Except as otherwise provided by the Delaware General Corporation Law, the holders of the voting common stock, as such, shall vote together as a single class. Except as required by the Delaware General Corporation Law, the holders of Class B non-voting common stock will have no voting rights of any nature whatsoever.

Each share of common stock, except for Class E special voting common stock, is entitled to participate equally, when and if declared by the Board from time to time, in such dividends and other distributions in cash, stock, or property from our company's assets or funds as may become legally available for such purposes subject to any dividend preferences that may be attributable to preferred stock that may be authorized and outstanding. In the event of our liquidation, dissolution or winding up, holders of our common stock, except for Class E special voting common stock (other than to the extent of its par value), will be

entitled to receive proportionately any of our assets remaining after the payment of liabilities and subject to the prior rights of any outstanding preferred stock. Because we are a holding company, our ability to pay dividends is subject to our subsidiaries' ability to pay dividends to us, which is in turn subject to the restrictions set forth in our credit facilities.

Under the amended and restated stockholders agreement, subject to certain exceptions, stockholders cannot transfer shares of our common stock until 180 days after the consummation of this offering without our approval. Following the expiration of the 180-day lock-up period, or such other period as the underwriters deem advisable, upon the transfer of any shares of Class B non-voting common stock or Class C restricted common stock, such shares will be automatically converted into shares of Class A common stock. Shares of our Class A common stock and Class E special voting common stock are not convertible into any other series or class of securities. However, shares of our Class E special voting stock are required to be repurchased by our company once the related options convert into Class A common stock.

The outstanding shares of our common stock are, and the shares of Class A common stock offered by us in this offering, when issued, will be, fully paid and non-assessable. The rights and privileges of holders of our common stock are subject to any series of preferred stock that we may issue in the future.

Preferred Stock

Our amended and restated certificate of incorporation authorizes us to issue shares of preferred stock, \$0.01 par value per share, the terms and conditions of which are determined by the Board upon issuance. The rights, preferences and privileges of holders of common stock are subject to, and may be adversely affected by, the rights of holders of any shares of preferred stock that our company may designate and issue in the future. At June 30, 2010 there were no shares of preferred stock outstanding. We have no present plans to issue any shares of preferred stock.

Corporate Opportunities

Our amended and restated certificate of incorporation will provide that Carlyle has no obligation to offer us an opportunity to participate in business opportunities presented to Carlyle or its affiliates, including its respective officers, directors, agents, members, partners and affiliates even if the opportunity is one that we might reasonably have pursued, and that neither Carlyle nor its respective officers, directors, agents, members, partners or affiliates will be liable to us or our stockholders for breach of any duty by reason of any such activities unless, in the case of any person who is a director or officer of our company, such business opportunity is expressly offered to such director or officer in writing solely in his or her capacity as an officer or director of our company. Stockholders will be deemed to have notice of and consented to this provision of our amended and restated certificate of incorporation.

Change of Control Related Provisions of Our Amended and Restated Certificate of Incorporation, Amended and Restated Bylaws and Delaware Law

Provisions in our amended and restated certificate of incorporation and amended and restated bylaws, and in the Delaware General Corporation Law, may make it difficult, expensive and time-consuming for a third party to pursue a takeover attempt even if a change in control of our company would be beneficial to the interests of our stockholders. Any provision of our amended and restated certificate of incorporation or amended and restated bylaws or Delaware law that has the effect of delaying or deterring a change in control could limit the opportunity for our stockholders to receive a premium for their shares of our common stock, and could also affect the price that some investors are willing to pay for our common stock. These provisions are intended to:

- enhance the likelihood of continuity and stability in the composition of our Board;
- discourage some types of transactions that may involve an actual or threatened change in control of our company;
- discourage certain tactics that may be used in proxy fights;

- ensure that our Board will have sufficient time to act in what our Board believes to be the best interests of us and our stockholders; and
- encourage persons seeking to acquire control of our company to first consult with our Board to negotiate the terms of any proposed business combination or offer.

Delaware Takeover Statute

In our amended and restated certificate of incorporation, we will elect not to be governed by Section 203, as permitted under and pursuant to subsection (b)(3) of Section 203, until the first date that Coinvest and its affiliates no longer beneficially own more than 20% of our outstanding voting shares. After such date, we will be governed by Section 203. Section 203 of the Delaware General Corporation Law, with specified exceptions, prohibits a Delaware corporation from engaging in any “business combination” with any “interested stockholder” for a period of three years following the time that the stockholder became an interested stockholder unless:

- before that time, the board of directors of the corporation approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;
- upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the number of shares outstanding those shares owned by persons who are directors and also officers and by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or
- at or after that time, the business combination is approved by the board of directors and authorized at an annual or special meeting of stockholders, and not by written consent, by the vote of at least 66²/₃% of the outstanding voting stock that is not owned by the interested stockholder.

Section 203 defines “business combination” to include the following:

- any merger or consolidation of the corporation with the interested stockholder;
- any sale, lease, exchange, mortgage, transfer, pledge or other disposition of 10% or more of the assets of the corporation involving the interested stockholder;
- subject to specified exceptions, any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder;
- any transaction involving the corporation that has the effect of increasing the proportionate share of the stock of any class or series of the corporation beneficially owned by the interested stockholder; or
- any receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits provided by or through the corporation.

Section 203 defines an “interested stockholder” as:

- any entity or person beneficially owning 15% or more of the outstanding voting stock of the corporation; and
- any entity or person affiliated with or controlling or controlled by the entity or person.

Section 203 may make it difficult and expensive for a third party to pursue a takeover attempt that we do not approve, even if a change in control would be beneficial to the interests of our stockholders.

Unissued Shares of Capital Stock

We are issuing _____ shares of our authorized Class A common stock in this offering. The remaining shares of authorized and unissued Class A common stock will be available for future issuance without additional stockholder approval. While the additional shares are not designed to deter or prevent a change of

control, under some circumstances we could use the additional shares to create voting impediments or to frustrate persons seeking to effect a takeover or otherwise gain control by, for example, issuing those shares in private placements to purchasers who might side with our Board in opposing a hostile takeover bid.

In addition, our amended and restated certificate of incorporation will provide our Board with the authority, without any further vote or action by our stockholders, to designate and issue one or more series of preferred stock at their sole discretion and to fix the number of shares and the preferences, limitations and relative rights of the shares constituting any series. This provision makes it possible for our Board to issue preferred stock with super voting, special approval, dividend or other rights or preferences which could impede any attempt to acquire us. These and other provisions may have the effect of deferring, delaying or discouraging hostile takeovers or changes in control or management of our company, discouraging bids for the Class A common stock at a premium over the market price of the common stock and may adversely affect the market price of, and the voting and other rights of the holder of, Class A common stock.

Classified Board; Vacancies and Removal of Directors

Our amended and restated certificate of incorporation and amended and restated bylaws will provide that our Board will be divided into three classes whose members will serve three-year terms expiring in successive years. Any effort to obtain control of our Board by causing the election of a majority of the Board may require more time than would be required without such a staggered election structure.

Our amended and restated certificate of incorporation and amended and restated bylaws will provide that directors may be removed with or without cause at any time upon the affirmative vote of holders of at least a majority of the votes to which all the stockholders would be entitled to cast until a "group," as defined under Section 13(d)(3) of the Exchange Act, no longer beneficially owns more than 50% of the outstanding shares of our voting common stock. After such time, directors may only be removed from office for cause upon the affirmative vote of holders of at least a majority of the votes which all the stockholders would be entitled to cast. Our amended and restated certificate of incorporation and amended and restated bylaws will provide that vacancies in our Board may be filled only by our Board. Any director elected to fill a vacancy will hold office for the remainder of the full term of the class of directors in which the vacancy occurred (including a vacancy created by increasing the size of the Board) and until such director's successor shall have been duly elected and qualified. No decrease in the number of directors will shorten the term of any incumbent director. The number of directors shall be fixed and modified, but not reduced to less than three, from time to time by resolution of our Board.

These provisions may have the effect of slowing or impeding a third party from initiating a proxy contest, making a tender offer or otherwise attempting a change in the membership of our Board that would effect a change of control.

Advance Notice Provisions for Stockholder Nominations of Directors and Stockholder Proposals

Our amended and restated bylaws will establish an advance notice procedure for stockholders to make nominations of candidates for election as director or to bring other business before an annual meeting of our stockholders. This procedure provides that, except as otherwise required by applicable law, only persons who are nominated by the Board, a committee appointed by the Board, or by a stockholder who has given timely written notice to our secretary prior to the meeting, will be eligible for election as directors, and only business that has been brought before an annual meeting by the Board, any committee appointed by the Board, or by a stockholder who has given timely written notice to our secretary prior to the meeting, may be conducted. Under the procedure, to be timely, notice must be received by the secretary at our principal executive offices not less than 90 days nor more than 120 days prior to the first anniversary date of the annual meeting of the preceding year. In addition, a stockholder's notice proposing to nominate a person for election as director must contain specific information about the nominating stockholder and the proposed nominee, and a stockholder's notice relating to the conduct of business other than the nomination of directors must contain specific information about the business and the proposing stockholder.

Requiring advance notice of nominations by stockholders allows our Board an opportunity to consider the qualifications of the proposed nominees and also provides a more orderly procedure for conducting annual meetings of stockholders. It also provides the Board with the opportunity to inform stockholders of proposed business prior to the meeting, so that stockholders can better decide whether to attend the meeting or to grant a proxy regarding the disposition of the business. These provisions may also have the effect of precluding a contest for the election of directors or the consideration of stockholder proposals and of discouraging or deterring a third party from conducting a solicitation of proxies to elect its own slate of directors or to approve its own proposal without regard to whether consideration of the nominees or proposals might be harmful or beneficial to us or our stockholders.

Calling Special Stockholder Meetings; Stockholder Action by Written Consent

Our amended and restated certificate of incorporation and amended and restated bylaws will provide that a special meeting of stockholders may only be called by our Board. Our amended and restated bylaws will allow for stockholder actions by written consent until no “group,” as defined under Section 13(d)(3) of the Exchange Act, owns more than 50% of the outstanding shares of our voting common stock. After such time, any action taken by the stockholders must be effected at a duly called annual or special meeting, which may be called only by the Board.

These provisions make it procedurally more difficult for a stockholder to take action without a meeting and therefore may reduce the likelihood that a stockholder will seek to take independent action with respect to matters that are not supported by management.

Limitation of Liability of Directors; Indemnification of Directors and Officers

Our amended and restated certificate of incorporation will contain provisions permitted under Delaware General Corporation Law relating to the liability of directors. These provisions eliminate a director's personal liability for monetary damages resulting from a breach of fiduciary duty, except in circumstances involving:

- any breach of the director's duty of loyalty;
- acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of the law;
- under Section 174 of the Delaware General Corporation Law (unlawful dividends); or
- any transaction from which the director derives an improper personal benefit.

The principal effect of the limitation on liability provision is that a stockholder will be unable to prosecute an action for monetary damages against a director unless the stockholder can demonstrate a basis for liability for which indemnification is not available under the Delaware General Corporation Law. These provisions, however, should not limit or eliminate our rights or any stockholder's rights to seek non-monetary relief, such as an injunction or rescission, in the event of a breach of director's fiduciary duty. These provisions will not alter a director's liability under federal securities laws. The inclusion of this provision in our certificate of incorporation may discourage or deter stockholders or management from bringing a lawsuit against directors for a breach of their fiduciary duties, even though such an action, if successful, might otherwise have benefited us and our stockholders.

Our amended and restated bylaws will require us to indemnify and advance expenses to our directors and officers to the fullest extent not prohibited by the Delaware General Corporation Law and other applicable law, except in the case of a proceeding instituted by the director without the approval of our Board. Our amended and restated bylaws will provide that we are required to indemnify our directors and officers, to the fullest extent permitted by law, for all judgments, fines, settlements, legal fees and other expenses incurred in connection with pending or threatened legal proceedings because of the director's or officer's positions with us or another entity that the director or officer serves at our request, subject to various conditions, and to advance funds to our directors and officers to enable them to defend against such proceedings. To receive indemnification, the director or officer must have been successful in the legal proceeding or have acted in

good faith and in what was reasonably believed to be a lawful manner in our best interest and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful.

Prior to the completion of this offering, we expect to enter into an indemnification agreement with each of our directors and certain of our officers. The indemnification agreement will provide our directors and certain of our officers with contractual rights to the indemnification and expense advancement rights provided under our bylaws, as well as contractual rights to additional indemnification as provided in the indemnification agreement.

Supermajority Voting Requirements for Amendment of Certain Provisions of Our Amended and Restated Bylaws

Our amended and restated bylaws will provide that our bylaws may be amended, altered or repealed at any regular or special meeting of the stockholders only if the amendment is approved by the vote of holders of at least two-thirds of the shares then entitled to vote at a general election of directors. In addition, amendments may be instituted by resolutions adopted by a majority of the Board at any special or regular meeting of the Board. These provisions make it more difficult for stockholders to remove or amend any provisions that may have an anti-takeover effect.

Transfer Agent and Registrar

Mellon Investor Services LLC (operating with the service name BNY Mellon Shareowner Services) will serve as transfer agent and registrar for our Class A common stock.

SHARES OF COMMON STOCK ELIGIBLE FOR FUTURE SALE

Immediately prior to this offering, there was no public market for our common stock. Sales of substantial amounts of our common stock in the public market could adversely affect prevailing market prices of our common stock. Furthermore, some shares of our common stock will not be available for sale for a certain period of time after this offering because they are subject to contractual and legal restrictions on resale some of which are described below. Sales of substantial amounts of common stock in the public market after these restrictions lapse, or the perception that these sales could occur, could adversely affect the prevailing market price and our ability to raise equity capital in the future.

Sale of Restricted Securities

After this offering, shares of our Class A common stock will be outstanding. Of these shares, all of the shares sold in this offering will be freely tradable without restriction under the Securities Act, unless purchased by our “affiliates,” as that term is defined in Rule 144 under the Securities Act. The remaining shares of our common stock that will be outstanding after this offering are “restricted securities” within the meaning of Rule 144 under the Securities Act. Restricted securities may be sold in the public market only if they are registered under the Securities Act or are sold pursuant to an exemption from registration under Rule 144 or Rule 701 under the Securities Act, which are summarized below. Subject to the lock-up agreements described below, shares held by our affiliates that are not restricted securities or that have been owned for more than one year may be sold subject to compliance with Rule 144 of the Securities Act without regard to the prescribed one-year holding period under Rule 144.

Lock-Up Agreements

We, our directors and our executive officers have agreed that, subject to specified exceptions, without the prior written consent of Morgan Stanley & Co. Incorporated and Barclays Capital Inc., on behalf of the underwriters, we will not, during the period beginning on the date of this prospectus and ending 180 days thereafter:

- offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any shares of our common stock or any securities convertible into or exercisable or exchangeable for our common stock;
- enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of our common stock; or
- make any demand for or exercise any right with respect to, the registration of any shares of our common stock or any security convertible into or exercisable or exchangeable for our common stock;

whether any such transaction described above is to be settled by delivery of Class A common stock or such other securities, in cash or otherwise.

The 180-day restricted period described in the preceding paragraph will be extended if:

- during the last 17 days of the 180-day restricted period we issue an earnings release, or material news or a material event relating to us occurs; or
- prior to the expiration of the 180-day restricted period, we announce that we will release earnings results during the 16-day period beginning on the last day of the 180-day restricted period,

in which case the restrictions described in this paragraph will continue to apply until the expiration of the 180-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event.

Additionally, under the amended and restated stockholders agreement, holders of our common stock who have not signed contractual lock-up agreements with representatives of the underwriters have agreed with us not to transfer shares of our common stock until 180 days after the consummation of this offering without our approval. In turn, we have agreed not to release any of our stockholders from these lock-up agreements prior to the expiration of the 180-day period without the consent of Morgan Stanley & Co. Incorporated and Barclays Capital Inc. We have also agreed with the underwriters of this offering that we will extend the 180-day lock-up period if, as permitted by the amended and restated stockholders agreement:

- during the last 17 days of the 180-day restricted period we issue an earnings release, or material news or a material event relating to us occurs; or
- prior to the expiration of the 180-day restricted period, we announce that we will release earnings results during the 16-day period beginning on the last day of the 180-day restricted period, in which case these restrictions will continue to apply until the expiration of the 180-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event.

In addition, any Class A common stock purchased by participants in our directed share program pursuant to which the underwriters have reserved, at our request, up to 10% of the Class A common stock offered by this prospectus for sale to certain of our senior personnel and individuals employed by or associated with our affiliates, will be subject to a 180-day lock-up restriction.

There are no agreements between the underwriters and any of our stockholders or affiliates releasing them from these lock-up agreements prior to the expiration of the 180-day period. Following the lock-up periods, we estimate that approximately shares of our Class A common stock that are restricted securities or are held by our affiliates as of the date of this prospectus will be eligible for sale in the public market in compliance with Rule 144 or Rule 701 under the Securities Act.

Registration Rights

Stockholders currently have the right to require us to register shares of Class A common stock for resale in some circumstances. See “Certain Relationships and Related Party Transactions — Related Person Transactions — Stockholders Agreement.”

Rule 144

Common stock eligible for sale under Rule 144 may be sold immediately upon the completion of this offering. In general, under Rule 144, a person may sell shares of common stock acquired from us immediately upon completion of this offering, without regard to manner of sale, the availability of public information or volume, if:

- the person is not an affiliate of the company and has not been an affiliate of the company at any time during the three months preceding such a sale; and
- the person has beneficially owned the shares proposed to be sold for at least one year, including the holding period of any prior owner other than an affiliate.

Rule 701

Shares of our common stock issued in reliance on Rule 701, such as those shares acquired upon exercise of options granted under our Equity Incentive Plan, are restricted and, subject to the contractual and legal provisions on resale described above, beginning 90 days after the effective date of this prospectus, may be sold by stockholders other than our affiliates, subject only to the manner of sale provisions of Rule 144, and by affiliates under Rule 144 without compliance with its one-year holding requirement. We intend to file a registration statement under the Securities Act covering all shares subject to options outstanding under our Equity Incentive Plan.

Equity Compensation Plans

Upon completion of this offering, we intend to file one or more registration statements under the Securities Act to register the shares of Class A common stock to be issued under our Equity Incentive Plan, Officers’ Rollover Stock Option Plan and Employee Stock Purchase Plan and, as a result, all shares of Class A common stock acquired upon exercise of stock options and other equity-based awards granted under these plans will also be freely tradable under the Securities Act unless purchased by our affiliates. As of , our Equity Incentive Plan authorized a maximum total of shares of common stock for issuance, and of such total, shares of common stock were issued to members of our management and there were stock options outstanding to purchase, subject to vesting, up to an additional shares of our common stock and our Officers’ Rollover Stock Option Plan authorized a maximum total of shares of common stock for issuance, and of such total, shares of common stock were issued to members of our management and there were stock options outstanding to purchase, subject to vesting, up to an additional shares of our common stock. of the options granted under our Officers’ Rollover Stock Plan and Equity Incentive Plan will become exercisable on June 30, 2011 and the shares of common stock underlying such options issued upon exercise thereof will be freely transferable upon issuance. We expect that shares of common stock will be issuable under our Employee Stock Purchase Plan.

CERTAIN U.S. FEDERAL TAX CONSIDERATIONS FOR NON-U.S. HOLDERS

The following is a discussion of the material U.S. federal income and estate tax considerations relating to the purchase, ownership and disposition of our common stock by Non-U.S. Holders (as defined below) that purchase our common stock pursuant to this offering and hold such common stock as a capital asset. This discussion is based on the Code, U.S. Treasury regulations thereunder, and administrative and judicial interpretations thereof, all as in effect on the date hereof and all of which are subject to change, possibly with retroactive effect, or to different interpretation. This discussion does not address all of the U.S. federal tax considerations that may be relevant to specific Non-U.S. Holders in light of their particular circumstances or to Non-U.S. Holders subject to special treatment under U.S. federal income tax law (such as banks, insurance companies, dealers in securities or other Non-U.S. Holders that mark their securities to market for U.S. federal income tax purposes, foreign governments, international organizations, controlled foreign corporations, passive foreign investment companies, tax-exempt entities, certain former citizens or residents of the United States, or Non-U.S. Holders who hold our common stock as part of a straddle, hedge, conversion or other integrated transaction). This discussion does not address any U.S. state or local or non-U.S. tax considerations or any U.S. federal gift or alternative minimum tax considerations.

As used in this discussion, the term “Non-U.S. Holder” means a beneficial owner of our common stock that is for U.S. federal income tax purposes:

- an individual who is neither a citizen nor a resident of the United States;
- a corporation that is not created or organized in or under the laws of the United States, any state thereof, or the District of Columbia;
- an estate that is not subject to U.S. federal income tax on income from non-U.S. sources which is not effectively connected with the conduct of a trade or business within the United States; or
- a trust unless (i) it is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all of its substantial decisions or (ii) it has in effect a valid election under applicable U.S. Treasury regulations to be treated as a United States person.

If an entity treated as a partnership for U.S. federal income tax purposes invests in our common stock, the U.S. federal income tax considerations relating to such investment will depend in part upon the status and activities of such entity and the particular partner. Any such entity should consult its own tax adviser regarding the U.S. federal tax considerations applicable to it and its partners of the purchase, ownership and disposition of our common stock.

PERSONS CONSIDERING AN INVESTMENT IN OUR COMMON STOCK SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE U.S. FEDERAL, STATE AND LOCAL AND NON-U.S. INCOME, ESTATE AND OTHER TAX CONSIDERATIONS RELATING TO THE PURCHASE, OWNERSHIP AND DISPOSITION OF OUR COMMON STOCK IN LIGHT OF THEIR PARTICULAR CIRCUMSTANCES.

Distributions on Common Stock

Subject to the discussion below under “— Payments to Foreign Financial Institutions and Non-financial Foreign Entities” and “— Information Reporting and Backup Withholding,” if we make a distribution of cash or other property (other than certain *pro rata* distributions of our common stock) in respect of a share of our common stock, the distribution will be treated as a dividend to the extent it is paid from our current or accumulated earnings and profits (as determined under U.S. federal income tax principles). If the amount of a distribution exceeds our current and accumulated earnings and profits, such excess generally will be treated first as a tax-free return of capital to the extent of the Non-U.S. Holder’s tax basis in such share of our common stock, and then as capital gain. Distributions treated as dividends on our common stock that are paid to or for the account of a Non-U.S. Holder generally will be subject to U.S. federal withholding tax at a rate of 30%, or at a lower rate if provided by an applicable tax treaty and the Non-U.S. Holder provides the

documentation (generally, Internal Revenue Service, or the IRS, Form W-8BEN) required to claim benefits under such tax treaty to the applicable withholding agent.

If, however, a dividend is effectively connected with the conduct of a trade or business in the United States by a Non-U.S. Holder, the dividend generally will not be subject to the 30% U.S. federal withholding tax if the Non-U.S. Holder provides the appropriate documentation (generally, IRS Form W-8ECI) to the applicable withholding agent. Instead, the Non-U.S. Holder generally will be subject to U.S. federal income tax in respect of such dividend on a net income basis in substantially the same manner as a U.S. holder (except as provided by an applicable tax treaty). Dividends that are effectively connected with the conduct of a trade or business in the United States by a corporate Non-U.S. Holder may also be subject to a branch profits tax at the rate of 30% (or a lower rate if provided by an applicable tax treaty).

Sale, Exchange or Other Disposition of Common Stock

Subject to the discussion below under “— Payments to Foreign Financial Institutions and Non-financial Foreign Entities” and “— Information Reporting and Backup Withholding,” a Non-U.S. Holder generally will not be subject to U.S. federal income tax on gain recognized on the sale, exchange or other disposition of our common stock unless:

- we are or have been a “United States real property holding corporation” for U.S. federal income tax purposes at any time during the shorter of (i) the five year period ending on the date of such sale, exchange or disposition and (ii) such Non-U.S. Holder’s holding period with respect to our common stock, and certain other conditions are met;
- such gain is effectively connected with the conduct of a trade or business in the United States by such Non-U.S. Holder, in which event such Non-U.S. Holder generally will be subject to U.S. federal income tax on a net income basis in substantially the same manner as a U.S. holder (except as provided by an applicable tax treaty) and, if it is a corporation, may also be subject to a branch profits tax at the rate of 30% (or a lower rate if provided by an applicable tax treaty); or
- such Non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of such sale, exchange or disposition and certain other conditions are met.

Generally, a corporation is a “United States real property holding corporation” if the fair market value of its United States real property interests equals or exceeds 50% of the sum of the fair market value of its worldwide real property interests and its other assets used or held for use in a trade or business (all as determined for U.S. federal income tax purposes). We do not believe that we are, and we do not presently anticipate that we will become, a United States real property holding corporation.

Payments to Foreign Financial Institutions and Non-financial Foreign Entities

Payments of any dividend on, or any gross proceeds from the sale, exchange or other disposition of, our common stock made after December 31, 2012 to a Non-U.S. Holder that is a “foreign financial institution” or a “non-financial foreign entity” (to the extent such dividend or gain from such sale, exchange or disposition is not effectively connected with the conduct of a trade or business in the United States by such Non-U.S. Holder) generally will be subject to the U.S. federal withholding tax at the rate of 30% unless such Non-U.S. Holder complies with certain additional U.S. reporting requirements.

For this purpose, a foreign financial institution includes, among others, a non-U.S. entity that (i) is a bank, (ii) holds, as a substantial portion of its business, financial assets for the account for others or (iii) is engaged primarily in the business of investing, reinvesting or trading in securities, partnership interests, commodities or any interest in securities, partnership interests or commodities. A foreign financial institution generally will be subject to this 30% U.S. federal withholding tax unless it (i) enters into an agreement with the IRS pursuant to which such financial institution agrees (x) to comply with certain information, verification, due diligence, reporting, and other procedures established by the IRS with respect to “United States accounts” (generally financial accounts maintained by a financial institution (as well as non-traded debt or equity interests in such financial institution) held by one or more specified U.S. persons or foreign entities with a

specified level of U.S. ownership) and (y) to withhold on its account holders that fail to comply with reasonable information requests or that are foreign financial institutions that do not enter into such an agreement with the IRS or (ii) is exempted by the IRS.

A non-financial foreign entity generally will be subject to this 30% U.S. federal withholding tax unless such entity provides the applicable withholding agent with either (i) a certification that such entity does not have any substantial U.S. owners or (ii) information regarding the name, address and taxpayer identification number of each substantial U.S. owner of such entity. These reporting requirements generally will not apply to a non-financial foreign entity that is a corporation the stock of which is regularly traded on an established securities market or certain affiliated corporations or to certain other specified types of entities.

Non-U.S. Holders should consult their own tax advisor regarding the application of these withholding and reporting rules.

Information Reporting and Backup Withholding

Generally, the amount of dividends on our common stock paid to a Non-U.S. Holder and the amount of any tax withheld from such dividends must be reported annually to the IRS and to the Non-U.S. Holder.

The information reporting and backup withholding rules that apply to payments to certain U.S. persons generally will not apply to payments with respect to our common stock to a Non-U.S. Holder if such Non-U.S. Holder certifies under penalties of perjury that it is not a United States person (generally by providing an IRS Form W-8BEN) or otherwise establishes an exemption.

Proceeds from the sale, exchange or other disposition of our common stock by a Non-U.S. Holder effected through a non-U.S. office of a U.S. broker or of a non-U.S. broker with certain specified U.S. connections generally will be subject to information reporting (but not backup withholding) unless such Non-U.S. Holder certifies under penalties of perjury that it is not a United States person (generally by providing an IRS Form W-8BEN) or otherwise establishes an exemption. Proceeds from the sale, exchange or other disposition of our common stock by a Non-U.S. Holder effected through a U.S. office of a broker generally will be subject to information reporting and backup withholding, unless such Non-U.S. Holder certifies under penalties of perjury that it is not a United States person (generally by providing an IRS Form W-8BEN) or otherwise establishes an exemption.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules generally will be allowed as a refund or a credit against a Non-U.S. Holder's U.S. federal income tax liability if the required information is furnished by such Non-U.S. Holder on a timely basis to the IRS.

U.S. Federal Estate Tax

In the case of an individual Non-U.S. Holder who, for U.S. federal estate tax purposes, is not a citizen or resident of the United States at the time of his or her death, shares of our common stock owned or treated as owned at such time by such individual will be included in his or her gross estate for U.S. federal estate tax purposes and may be subject to U.S. federal estate tax unless an applicable estate tax treaty provides otherwise.

Legislation enacted in 2001 provides for reductions in the U.S. federal estate tax through 2009 and the elimination of the tax entirely for the year 2010. Under the legislation, the estate tax would be fully reinstated, as in effect prior to the reductions, for 2011 and thereafter.

UNDERWRITING

Morgan Stanley & Co. Incorporated, Barclays Capital Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated and Credit Suisse Securities (USA) LLC are acting as joint book-running managers of this offering and, together with Stifel, Nicolaus & Company, Incorporated, BB&T Capital Markets, Lazard Capital Markets LLC and Raymond James & Associates, Inc., are acting as the managing underwriters of this offering. Under the terms and subject to the conditions contained in an underwriting agreement dated the date of this prospectus, the underwriters named below have severally agreed to purchase, and we have agreed to sell to them, the number of shares of Class A common stock indicated in the table below:

Underwriters	Number of Shares
Morgan Stanley & Co. Incorporated	
Barclays Capital Inc.	
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
Credit Suisse Securities (USA) LLC	
Stifel, Nicolaus & Company, Incorporated	
BB&T Capital Markets, a division of Scott & Stringfellow, LLC	
Lazard Capital Markets LLC	
Raymond James & Associates, Inc.	
Total	

The underwriters are offering the shares of Class A common stock subject to their acceptance of the shares from us and subject to prior sale. The underwriting agreement provides that the obligations of the several underwriters to pay for and accept delivery of the shares of Class A common stock offered by this prospectus are subject to the approval of certain legal matters by their counsel and to other conditions. The underwriters are obligated to take and pay for all of the shares of Class A common stock offered by this prospectus if any such shares are taken. However, the underwriters are not required to take or pay for the shares covered by the underwriters' over-allotment option described below. The underwriters initially propose to offer part of the shares of Class A common stock directly to the public at the public offering price listed on the cover page of this prospectus, less underwriting discounts and commissions, and part of the shares of Class A common stock to certain dealers at a price that represents a concession not in excess of \$ a share under the public offering price. After the initial offering of the shares of Class A common stock, the offering price and other selling terms may from time to time be varied by the representatives.

We have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase up to an aggregate of additional shares of Class A common stock from us at the public offering price, less underwriting discounts and commissions. The underwriters may exercise this option solely for the purpose of covering over-allotments, if any, made in connection with the offering of the shares of Class A common stock offered by this prospectus. To the extent the option is exercised, each underwriter will become obligated, subject to certain conditions, to purchase approximately the same percentage of the additional shares of Class A common stock as the number listed next to the underwriter's name in the preceding table bears to the total number of shares of Class A common stock listed next to the names of all underwriters in the preceding table. If the underwriters' over-allotment option is exercised in full, the total price to the public would be \$, the total underwriters' discounts and commissions paid by us would be \$ and the total proceeds to us would be \$.

The following table shows the per share and total underwriting discounts and commissions that we are to pay to the underwriters in connection with this offering. These amounts are shown assuming both no exercise and full exercise of the underwriters' over-allotment option.

	Paid by Us		Total	
	No Exercise	Full Exercise	No Exercise	Full Exercise
Per Share	\$	\$	\$	\$
Total	\$	\$	\$	\$

In addition, we estimate that the expenses of this offering other than underwriting discounts and commissions payable by us will be approximately \$ million.

The underwriters have informed us that they do not intend sales to discretionary accounts to exceed 5% of the total number of shares of Class A common stock offered by them.

At our request, the underwriters have reserved up to 10% of the shares of Class A common stock to be issued by us and offered by this prospectus for sale, at the initial public offering price, to certain of our senior personnel and individuals employed by or associated with our affiliates. If purchased by these persons, these shares will be subject to a 180-day lock-up restriction. The number of shares of Class A common stock available for sale to the general public will be reduced to the extent these individuals purchase such reserved shares. Any reserved shares that are not so purchased will be offered by the underwriters to the general public on the same basis as the other shares offered by this prospectus. We have agreed to indemnify the underwriters against certain liabilities and expenses, including liabilities under the Securities Act, in connection with the sales of directed shares.

We, our directors and our executive officers have agreed that, subject to specified exceptions, without the prior written consent of Morgan Stanley & Co. Incorporated and Barclays Capital Inc., on behalf of the underwriters, we will not, during the period beginning on the date of this prospectus and ending 180 days thereafter:

- offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any shares of our common stock or any securities convertible into or exercisable or exchangeable for our common stock;
- enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of our common stock; or
- make any demand for or exercise any right with respect to, the registration of any shares of our common stock or any security convertible into or exercisable or exchangeable for our common stock;

whether any such transaction described above is to be settled by delivery of Class A common stock or such other securities, in cash or otherwise.

The 180-day restricted period described in the preceding paragraph will be extended if:

- during the last 17 days of the 180-day restricted period we issue an earnings release, or material news or a material event relating to us occurs; or
- prior to the expiration of the 180-day restricted period, we announce that we will release earnings results during the 16-day period beginning on the last day of the 180-day restricted period,

in which case the restrictions described in this paragraph will continue to apply until the expiration of the 180-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event.

Additionally, under the amended and restated stockholders agreement, holders of our common stock who have not signed contractual lock-up agreements with representatives of the underwriters have agreed with us not to transfer shares of our common stock until 180 days after the consummation of this offering without our approval. In turn, we have agreed not to release any of our stockholders from these lock-up agreements prior to the expiration of the 180-day period without the consent of Morgan Stanley & Co. Incorporated and

Barclays Capital Inc. We have also agreed with the underwriters of this offering that we will extend the 180-day lock-up period if, as permitted by the amended and restated stockholders agreement:

- during the last 17 days of the 180-day restricted period we issue an earnings release, or material news or a material event relating to us occurs; or
- prior to the expiration of the 180-day restricted period, we announce that we will release earnings results during the 16-day period beginning on the last day of the 180-day restricted period, in which case these restrictions will continue to apply until the expiration of the 180-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event.

The restrictions described in the preceding paragraphs do not apply to:

- the sale by us of shares to the underwriters in connection with the offering;
- transactions by any person other than us relating to shares of Class A common stock or other securities convertible or exchangeable into Class A common stock acquired in open market transactions after the completion of the offering of the shares, provided that no filing under Section 16(a) of the Exchange Act, reporting a reduction in beneficial ownership of shares of Class A common stock, shall be required or shall be voluntarily made during the 180-day restricted period; or
- the transfer of shares of Class A common stock or any security convertible or exchangeable into shares of Class A common stock as a bona fide gift, as a distribution to general or limited partners, stockholders or members of our stockholders, or by will or intestate succession to a member of the immediate family of our stockholders.

With respect to the last bullet, it shall be a condition to the transfer or distribution that the transferee provide prior written notice of such transfer or distribution to Morgan Stanley & Co. Incorporated and Barclays Capital Inc., execute a copy of the lock-up agreement, that no filing by any donee or transferee with the SEC shall be required or shall be made voluntarily in connection with such transfer or distribution and no such transfer or distribution may include a disposition for value.

In order to facilitate this offering of Class A common stock, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the Class A common stock. Specifically, the underwriters may sell more shares than they are obligated to purchase under the underwriting agreement, creating a short position. A short sale is covered if the short position is no greater than the number of shares available for purchase by the underwriters under the over-allotment option. The underwriters can close out a covered short sale by exercising the over-allotment option or by purchasing shares in the open market. In determining the source of shares to close out a covered short sale, the underwriters will consider, among other things, the open market price of shares compared to the price available under the over-allotment option. The underwriters may also sell shares in excess of the over-allotment option, creating a naked short position. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the Class A common stock in the open market after pricing that could adversely affect investors who purchase in this offering. In addition, to stabilize the price of the Class A common stock, the underwriters may bid for and purchase shares of Class A common stock in the open market. Finally, the underwriting syndicate may reclaim selling concessions allowed to an underwriter or a dealer for distributing the Class A common stock in the offering, if the syndicate repurchases previously distributed Class A common stock to cover syndicate short positions or to stabilize the price of the Class A common stock. These activities may raise or maintain the market price of the Class A common stock above independent market levels or prevent or retard a decline in the market price of the Class A common stock. The underwriters are not required to engage in these activities and may end any of these activities at any time.

We will apply to list our Class A common stock on the New York Stock Exchange under the symbol "BAH."

We and the underwriters have agreed to indemnify each other against certain liabilities, including liabilities arising out of or based upon material misstatements or omissions.

Prior to this offering, there has been no public market for the shares of Class A common stock. The initial public offering price will be determined by negotiations between us and the representatives of the underwriters. Among the factors to be considered in determining the initial public offering price will be our future prospects and those of our industry in general; sales, earnings and other financial operating information in recent periods; and the price-earnings ratios, price-sales ratios and market prices of securities and certain financial and operating information of companies engaged in activities similar to ours. The estimated initial public offering price range set forth on the cover page of this preliminary prospectus is subject to change as a result of market conditions and other factors. An active trading market for the shares may not develop, and it is possible that after the offering the shares will not trade in the market above their initial offering price. A prospectus in electronic format may be made available on the websites maintained by one or more of the underwriters, and one or more of the underwriters may distribute prospectuses electronically. The underwriters may agree to allocate a number of shares to underwriters for sale to their online brokerage account holders. Internet distributions will be allocated by the underwriters that make Internet distributions on the same basis as other allocations.

Relationships

The underwriters or their affiliates may engage in transactions with, and may perform and have, from time to time, performed investment banking and advisory services for us in the ordinary course of their business and for which they have received or would receive customary fees and expenses. For example, affiliates of Credit Suisse Securities (USA) LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Morgan Stanley & Co. Incorporated and Barclays Capital Inc. are acting as lenders and, in some instances, agents under our senior credit facilities. Specifically, affiliates of Credit Suisse Securities (USA) LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Barclays Capital Inc. are lenders under the term loan facilities of our senior credit facilities and affiliates of Credit Suisse Securities (USA) LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Barclays Capital Inc. and Morgan Stanley & Co. Incorporated are lenders under the revolving facility portion of our senior credit facilities. Affiliates of Credit Suisse Securities (USA) LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated are acting as agents and, in the case of Credit Suisse Securities (USA) LLC, a lender under our mezzanine credit facility. For a description of these facilities, see "Description of Certain Indebtedness."

Charles O. Rossotti, a member of our board of directors, also serves as a director of Bank of America Corporation, the parent company of Merrill Lynch, Pierce, Fenner & Smith Incorporated, an underwriter of this offering and a member of FINRA.

Lazard Frères and Co. LLC referred this transaction to Lazard Capital Markets LLC and will receive a referral fee from Lazard Capital Markets LLC in connection therewith.

Conflicts of Interest

The net proceeds of this offering will be used to retire a portion of our mezzanine credit facility under which Credit Suisse AG, Cayman Islands Branch, an affiliate of Credit Suisse Securities (USA) LLC, is a lender. Because its affiliate will receive at least 5% of the net proceeds of this offering, Credit Suisse Securities (USA) LLC is deemed to have a "conflict of interest" under NASD Conduct Rule 2720 of FINRA, or FINRA Rule 2720. Accordingly, this offering will be conducted in compliance with the requirements of FINRA Rule 2720, which provides that the nature of the conflict of interest be prominently disclosed and that Credit Suisse Securities (USA) LLC will not make any sales of our Class A common stock to discretionary accounts without express written approval from the account holder.

Selling Restrictions

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each a "Relevant Member State"), each underwriter has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date") it has not made and will not make an offer of shares to the public in

that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of shares to the public in that Relevant Member State:

- (a) at any time to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- (b) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- (c) to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining our prior consent for any such offer; or
- (d) at any time in any other circumstances which do not require the publication by us of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of the above, the expression an “offer of shares to the public” in relation to any shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the shares to be offered so as to enable an investor to decide to purchase or subscribe the shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in that Relevant Member State.

United Kingdom

Each underwriter has represented and agreed that it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000) received by it in connection with the issue or sale of the shares in circumstances in which Section 21(1) of such Act does not apply to us and it has complied and will comply with all applicable provisions of such Act with respect to anything done by it in relation to any shares in, from or otherwise involving the United Kingdom.

LEGAL MATTERS

The legal validity of the Class A common stock offered in this offering will be passed upon for us by Debevoise & Plimpton LLP, New York, New York. Various legal matters relating to this offering will be passed upon for the underwriters by Latham & Watkins LLP, Washington, District of Columbia.

EXPERTS

The audited consolidated financial statements of Booz Allen Hamilton Holding Corporation at March 31, 2010 and 2009, and for the year ended March 31, 2010 and for the eight months ended March 31, 2009, as well as the consolidated statements of operations of Booz Allen Hamilton, Inc. for the four months ended July 31, 2008 and the year ended March 31, 2008, appearing in this prospectus and registration statement have been audited by Ernst & Young LLP, an independent registered public accounting firm, as set forth in their report thereon appearing elsewhere herein, and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

Prior to Ernst & Young LLP being engaged to provide audit services to the Predecessor, the Predecessor engaged foreign affiliates of Ernst & Young LLP to provide certain legal and tax services at two insignificant foreign subsidiaries that were subsequently spun off with the commercial and international business. These legal and tax services were consistent with the independence requirements of the American Institute of Certified Public Accountants and no public offering was contemplated by the Predecessor while the services were being provided. In connection with the filing of this prospectus and registration statement, the independence rules of the SEC apply to all periods for which audited consolidated financial statements are included in this prospectus and registration statement. Ernst & Young LLP and the Company's Audit Committee previously determined that the foregoing legal and tax services were inconsistent with the SEC's independence rules for the year ended March 31, 2008. However, after analysis of these circumstances, Ernst & Young LLP and the Company's Audit Committee, in consultation with legal counsel, concluded that Ernst & Young LLP's objectivity and impartiality of judgment had not been impaired with respect to Ernst & Young LLP's audit engagement. These circumstances and conclusion were reviewed with the Staff of the Office of the Chief Accountant of the SEC, which did not disagree with such conclusion.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the SEC a registration statement on Form S-1, including exhibits, schedules and amendments filed with the registration statement, under the Securities Act with respect to the shares of Class A common stock being offered. This prospectus does not contain all of the information described in the registration statement and the related exhibits and schedules, portions of which have been omitted as permitted by the rules and regulations of the SEC. For further information with respect to us and the Class A common stock being offered, reference is made to the registration statement and the related exhibits and schedules. With respect to statements contained in this prospectus regarding the contents of any contract or any other document, reference is made to the copy of the contract or other document filed as an exhibit to the registration statement. A copy of the registration statement and the related exhibits, schedules and amendments may be inspected without charge at the public reference facilities maintained by the SEC in Washington D.C. at 100 F Street, N.E., Room 1580, Washington, D.C. 20549, and copies of all or any part of the registration statement may be obtained from these offices upon the payment of the fees prescribed by the SEC. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. The SEC maintains a website that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC. The address of the site is <http://www.sec.gov>.

Upon the completion of this offering, Booz Allen Holding will become subject to the information and periodic reporting requirements of the Exchange Act and, accordingly, will file annual reports containing financial statements audited by an independent public accounting company, quarterly reports containing unaudited financial statements, current reports, proxy statements and other information with the SEC. You will be able to inspect and copy these reports, proxy statements and other information at the public reference facilities maintained by the SEC at the address noted above. You will also be able to obtain copies of this material from the Public Reference Room of the SEC as described above, or inspect them without charge at the SEC's website. Upon completion of this offering, you will also be able to access, free of charge, our reports filed with the SEC (for example, our Annual Report on Form 10-K, our Quarterly Reports on Form 10-Q and our Current Reports on Form 8-K and any amendments to those forms) through the "Investors" portion of our Internet website (<http://www.boozallen.com>). Reports filed with or furnished to the SEC will be available as soon as reasonably practicable after they are filed with or furnished to the SEC. Our website is included in this prospectus as an inactive textual reference only. The information found on our website is not part of this prospectus or any report filed with or furnished to the SEC. We intend to provide our stockholders with annual reports containing financial statements audited by an independent accounting company.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders of
Booz Allen Hamilton Holding Corporation

We have audited the accompanying consolidated balance sheets of Booz Allen Hamilton Holding Corporation (the Company) as of March 31, 2009 and 2010 and the related consolidated statements of operations, stockholders' equity and cash flows for the eight-month period ended March 31, 2009 and the year ended March 31, 2010. We have also audited the consolidated statements of operations, stockholders' equity and cash flows for the year ended March 31, 2008 and the four month period ended July 31, 2008 of Booz Allen Hamilton, Inc. (Predecessor). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Booz Allen Hamilton Holding Corporation at March 31, 2009 and 2010, and the consolidated results of its operations and its cash flows for the eight months ended March 31, 2009 and the year ended March 31, 2010 in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the Predecessor financial statements referred to above present fairly, in all material respects, the consolidated results of operations and cash flows of Booz Allen Hamilton, Inc. for the year ended March 31, 2008 and the four month period ended July 31, 2008 in conformity with U.S. generally accepted accounting principles.

As discussed in Note 2 to the financial statements, the Company and the Predecessor changed their method of revenue recognition.

/s/ Ernst & Young LLP
McLean, Virginia
June 18, 2010

BOOZ ALLEN HAMILTON HOLDING CORPORATION
CONSOLIDATED BALANCE SHEETS

	March 31,		June 30,
	2009 (As adjusted)	2010	2010 (Unaudited)
	(In thousands, except share and per share data)		
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 420,902	\$ 307,835	\$ 300,611
Accounts receivable, net of allowance	925,925	1,018,311	994,926
Prepaid expenses	32,696	32,546	39,554
Other current assets	53,370	11,476	8,642
Total current assets	1,432,893	1,370,168	1,343,733
Property and equipment, net	142,543	136,648	140,635
Accounts receivable	13,051	17,072	17,446
Deferred income taxes	99,378	53,204	36,143
Intangible assets, net	309,477	268,880	261,722
Goodwill	1,141,615	1,163,129	1,161,745
Other long-term assets	43,292	53,122	53,838
Total assets	\$ 3,182,249	\$ 3,062,223	\$ 3,015,262
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Current portion of long-term debt	\$ 15,225	\$ 21,850	\$ 21,850
Accounts payable and other accrued expenses	243,831	354,097	342,708
Accrued compensation and benefits	344,409	385,145	305,404
Deferred revenue	18,186	9,996	10,317
Deferred income taxes	21,934	14,832	14,832
Total current liabilities	643,585	785,920	695,111
Long-term debt, net of current portion	1,220,502	1,546,782	1,542,063
Income tax reserve	99,394	100,178	101,195
Deferred payment obligation	108,969	20,028	21,028
Postretirement obligation	39,809	50,464	51,800
Other long-term liabilities	9,647	49,268	51,389
Total liabilities	2,121,906	2,552,640	2,462,586
Commitments and contingencies (Note 20)			
Stockholders' equity:			
Common stock, Class A — \$0.01 par value — authorized, 16,000,000 shares; issued and outstanding, 10,131,687 shares at March 31, 2009, 10,292,290 shares at March 31, 2010, and 10,266,161 shares at June 30, 2010	101	103	103
Non-voting common stock, Class B — \$0.01 par value — authorized, 16,000,000 shares; issued and outstanding, 235,020 shares at March 31, 2009, 235,020 shares at March 31, 2010, and 305,313 shares at June 30, 2010	2	2	3
Restricted common stock, Class C — \$0.01 par value — authorized, 600,000 shares; issued and outstanding, 202,827 shares at March 31, 2009, 202,827 shares at March 31, 2010, and 202,827 shares at June 30, 2010	2	2	2
Special voting common stock, Class E — \$0.03 par value — authorized, 2,500,000 shares; issued and outstanding, 1,480,288 shares at March 31, 2009, 1,334,588 shares at March 31, 2010, and 1,404,881 shares at June 30, 2010	45	40	42
Additional paid-in capital	1,098,278	526,618	541,457
(Accumulated deficit) Retained earnings	(38,783)	(13,364)	14,805
Accumulated other comprehensive income (loss)	698	(3,818)	(3,736)
Total stockholders' equity	1,060,343	509,583	552,676
Total liabilities and stockholders' equity	\$ 3,182,249	\$ 3,062,223	\$ 3,015,262

The accompanying notes are an integral part of these Consolidated Financial Statements.

BOOZ ALLEN HAMILTON HOLDING CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS

	Predecessor		The Company			
	Fiscal Year Ended March 31, 2008 (As adjusted)	Four Months Ended July 31, 2008 (As adjusted)	Eight Months Ended March 31, 2009 (As adjusted)	Fiscal Year Ended March 31, 2010	Three Months Ended June 30, 2009 (As adjusted) (Unaudited)	Three Months Ended June 30, 2010 (Unaudited)
	(In thousands, except per share data)					
Revenue	\$ 3,625,055	\$ 1,409,943	\$ 2,941,275	\$ 5,122,633	\$ 1,229,459	\$ 1,341,929
Operating costs and expenses:						
Cost of revenue	2,028,848	722,986	1,566,763	2,654,143	638,690	677,095
Billable expenses	935,459	401,387	756,933	1,361,229	329,681	356,286
General and administrative expenses	474,188	726,929	505,226	811,944	184,734	200,419
Depreciation and amortization	33,079	11,930	79,665	95,763	24,003	19,384
Total operating costs and expenses	3,471,574	1,863,232	2,908,587	4,923,079	1,177,108	1,253,184
Operating income (loss)	153,481	(453,289)	32,688	199,554	52,351	88,745
Interest income	2,442	734	4,578	1,466	515	312
Interest expense	(2,319)	(1,044)	(98,068)	(150,734)	(36,371)	(40,353)
Other expense, net	(1,931)	(54)	(128)	(1,292)	(523)	(619)
Income (loss) from continuing operations before income taxes	151,673	(453,653)	(60,930)	48,994	15,972	48,085
Income tax expense (benefit) from continuing operations	62,693	(56,109)	(22,147)	23,575	7,547	19,916
Income (loss) from continuing operations	88,980	(397,544)	(38,783)	25,419	8,425	28,169
Loss from discontinued operations, net of tax	(71,106)	(848,371)	—	—	—	—
Net income (loss)	<u>\$ 17,874</u>	<u>\$ (1,245,915)</u>	<u>\$ (38,783)</u>	<u>\$ 25,419</u>	<u>\$ 8,425</u>	<u>\$ 28,169</u>
Earnings (loss) from continuing operations per common share (Note 3):						
Basic	\$ 50.64	\$ (181.28)	\$ (3.67)	\$ 2.39	\$ 0.80	\$ 2.62
Diluted	<u>\$ 43.33</u>	<u>\$ (181.28)</u>	<u>\$ (3.67)</u>	<u>\$ 2.19</u>	<u>\$ 0.76</u>	<u>\$ 2.33</u>
Earnings (loss) per common share (Note 3):						
Basic	\$ 10.17	\$ (568.13)	\$ (3.67)	\$ 2.39	\$ 0.80	\$ 2.62
Diluted	<u>\$ 8.70</u>	<u>\$ (568.13)</u>	<u>\$ (3.67)</u>	<u>\$ 2.19</u>	<u>\$ 0.76</u>	<u>\$ 2.33</u>

The accompanying notes are an integral part of these Consolidated Financial Statements.

BOOZ ALLEN HAMILTON HOLDING CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Predecessor		The Company			
	Fiscal Year Ended March 31, 2008	Four Months Ended July 31, 2008	Eight Months Ended March 31, 2009	Fiscal Year Ended March 31, 2010	Three Months Ended June 30, 2009 (As adjusted) (Unaudited)	Three Months Ended June 30, 2010 (Unaudited)
	(As adjusted)	(As adjusted)	(In thousands)			
Cash flows from operating activities						
Net income (loss)	\$ 17,874	\$ (1,245,915)	\$ (38,783)	\$ 25,419	\$ 8,425	\$ 28,169
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:						
Loss from discontinued operations, net of taxes	71,106	848,371	—	—	—	—
Depreciation and amortization	33,079	11,930	79,665	95,763	24,003	19,384
Amortization of debt issuance costs	—	—	3,106	5,700	1,219	1,913
Amortization of original issuance discount on debt	—	—	1,480	2,505	575	744
Excess tax benefit from the exercise of stock options	—	—	—	(1,915)	—	(552)
Stock-based compensation expense	35,013	511,653	62,059	71,897	24,812	15,660
Loss on disposition of property and equipment	—	—	166	—	—	—
Deferred income taxes	(39,988)	(54,236)	(22,147)	19,837	6,255	17,585
Changes in assets and liabilities, net of effect of business combination:						
Accounts receivable, net	(181,365)	(19,765)	(33,675)	(92,386)	(69,174)	23,385
Income taxes receivable / payable	(35,934)	(70,781)	21,303	(14,429)	1,243	1,437
Prepaid expenses	(6,236)	(4,717)	(26,030)	150	(3,286)	(7,008)
Other current assets	(1,859)	(327)	(6,491)	15,672	2,798	2,570
Other long-term assets	2,627	280	—	(3,742)	(133)	(3,003)
Accrued compensation and benefits	(7,913)	(44,050)	99,094	33,760	(57,693)	(88,764)
Accounts payable and accrued expenses	72,654	57,054	7,186	110,265	(592)	(12,534)
Accrued interest	—	—	10,604	(10,633)	3,947	2,039
Income tax reserve	73,036	(7,220)	1,177	2,483	(239)	(32)
Deferred revenue	2,716	(4,036)	10,499	(8,190)	(6,648)	321
Postretirement obligation	(4,630)	21,793	1,849	6,139	1,015	1,418
Other long-term liabilities	13,611	(26,582)	9,647	12,189	1,762	7,269
Net cash provided by (used in) operating activities of continuing operations	43,791	(26,548)	180,709	270,484	(61,711)	10,011
Net cash provided by (used in) operating activities of discontinued operations	115,650	(160,368)	—	—	—	—
Net cash provided by (used in) operating activities	159,441	(186,916)	180,709	270,484	(61,711)	10,011
Cash flows from investing activities						
Purchases of property and equipment	(35,179)	(9,314)	(36,835)	(49,271)	(6,568)	(16,213)
Cash paid in merger transaction, net of cash acquired	—	—	(1,623,683)	—	—	—
Investment in discontinued operations	(3,348)	(153,662)	—	—	—	—
Escrow payments	—	—	—	38,280	—	1,384
Net cash used in investing activities of continuing operations	(38,527)	(162,976)	(1,660,518)	(10,991)	(6,568)	(14,829)
Net cash (used in) provided by investing activities of discontinued operations	(68,516)	58,323	—	—	—	—
Net cash used in investing activities	(107,043)	(104,653)	(1,660,518)	(10,991)	(6,568)	(14,829)
Cash flows from financing activities						
Proceeds from issuance of common stock	18,891	—	956,500	—	—	1,002
Cash dividends paid	—	—	—	(612,401)	—	—
Redemption of common stock and Class B common stock	(15,543)	(16,422)	—	—	—	—
Repayment of debt	(4,761)	—	(251,050)	(16,100)	(3,025)	(5,463)
Proceeds from debt	—	227,534	1,240,300	346,500	—	—
Debt issuance costs	—	—	(45,039)	(15,808)	—	—
Payment of deferred payment obligation	—	—	—	(78,000)	—	—
Excess tax benefits from the exercise of stock options	—	—	—	1,915	—	552
Stock option exercises	—	—	—	1,334	—	1,503
Net cash (used in) provided by financing activities of continuing operations	(1,413)	211,112	1,900,711	(372,560)	(3,025)	(2,406)
Net cash (used in) provided by financing activities of discontinued operations	(5,908)	128,712	—	—	—	—
Net cash (used in) provided by financing activities	(7,321)	339,824	1,900,711	(372,560)	(3,025)	(2,406)
Net increase (decrease) in cash and cash equivalents of continuing operations	3,851	21,588	420,902	(113,067)	(71,304)	(7,224)
Cash and cash equivalents — beginning of period	3,272	7,123	—	420,902	420,902	307,835
Cash and cash equivalents — end of period	\$ 7,123	\$ 28,711	\$ 420,902	\$ 307,835	\$ 349,598	\$ 300,611
Supplemental disclosures of cash flow information						
Cash paid during the period for:						
Interest	\$ 1,448	\$ 720	\$ 82,879	\$ 126,744	\$ 30,393	\$ 35,444
Income taxes	\$ 19,841	\$ 42,336	\$ 34	\$ 5,474	\$ 464	\$ 215

The accompanying notes are an integral part of these Consolidated Financial Statements.

BOOZ ALLEN HAMILTON HOLDING CORPORATION
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY — PREDECESSOR

	Predecessor					
	Redeemable Common Stock	Stock Subscription Receivable	Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	(In thousands, except share data)					
Balance at March 31, 2007	\$ 242,963	\$ —	\$ —	\$ 16,024	\$ (15,800)	\$ 243,187
Revenue recognition — cumulative effect of change in accounting principle	—	—	—	28,881	—	28,881
Balance at March 31, 2007 (as adjusted)	<u>242,963</u>	<u>—</u>	<u>—</u>	<u>44,905</u>	<u>(15,800)</u>	<u>272,068</u>
Net income (as adjusted)	—	—	—	17,874	—	17,874
Issuance of redeemable common stock	42,831	—	—	—	—	42,831
Cash dividends	—	—	—	(217)	—	(217)
Redemption of common stock	(15,543)	—	—	—	—	(15,543)
Stock compensation expenses	17,216	—	—	—	—	17,216
Mark to put value for redeemable shares	178	—	—	(178)	—	—
Change in accounting principle for the adoption of ASC 740-10	—	—	—	—	(10,081)	(10,081)
Decrease in minimum pension liability, net of tax of \$10,500	—	—	—	—	15,800	15,800
Change in accounting principle for the adoption of ASC 715, net of tax of \$17,922	—	—	—	—	(26,883)	(26,883)
Balance at March 31, 2008 (as adjusted)	<u>287,645</u>	<u>—</u>	<u>—</u>	<u>62,384</u>	<u>(36,964)</u>	<u>313,065</u>
Net loss (as adjusted)	—	—	—	(1,245,915)	—	(1,245,915)
Reclassification of liability for share-based payments for shares held over six months	5,479	—	—	—	—	5,479
Dividends declared	—	—	—	(52)	—	(52)
Redemption of redeemable common stock	(16,422)	—	—	—	—	(16,422)
Redemption of common stock marked to redemption value in stock-based compensation	854,494	—	—	—	—	854,494
Redemption of common stock marked to redemption value in equity	180,985	—	—	(180,985)	—	—
Unrealized loss on benefit plan, net of income taxes	—	—	—	—	(846)	(846)
Receivable from shareholders for exercise of stock rights of Booz Allen Hamilton Inc.	—	(87,007)	—	—	—	(87,007)
Distribution of Booz & Company, Inc. common stock to shareholders of Booz Allen Hamilton, Inc.	—	—	—	(134,874)	22,252	(112,622)
Balance at July 31, 2008 (as adjusted)	<u>\$ 1,312,181</u>	<u>\$ (87,007)</u>	<u>\$ —</u>	<u>\$ (1,499,442)</u>	<u>\$ (15,558)</u>	<u>\$ (289,826)</u>

The accompanying notes are an integral part of these Consolidated Financial Statements.

BOOZ ALLEN HAMILTON HOLDING CORPORATION
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY — THE COMPANY

	The Company								(Accumulated Deficit) Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity	
	Class A Common Stock		Class B Non-Voting Common Stock		Class C Restricted Common Stock		Class E Special Voting Common Stock					Additional Paid-In Capital
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount				
	(In thousands, except share data)											
Balance at August 1, 2008	—	\$ —	—	\$ —	—	\$ —	—	\$ —	—	\$ —	—	
Exchange of rollover equity	564,187	6	235,020	2	202,827	2	1,480,288	45	79,814	—	79,869	
Issuance of common stock	9,567,500	95	—	—	—	—	—	—	956,405	—	956,500	
Net loss	—	—	—	—	—	—	—	—	—	(38,783)	(38,783)	
Actuarial gain related to employee benefits, net of taxes	—	—	—	—	—	—	—	—	—	698	698	
Comprehensive loss	—	—	—	—	—	—	—	—	—	—	(38,085)	
Stock compensation expense	—	—	—	—	—	—	—	—	62,059	—	62,059	
Balance at March 31, 2009	10,131,687	101	235,020	2	202,827	2	1,480,288	45	1,098,278	(38,783)	698	
Issuance of common stock	1,907	—	—	—	—	—	—	—	—	—	—	
Stock options exercised	158,696	2	—	—	—	—	(145,700)	(5)	1,337	—	1,334	
Recognition of liability related to future stock option exercises (Note 17)	—	—	—	—	—	—	—	—	(34,408)	—	(34,408)	
Net income	—	—	—	—	—	—	—	—	—	25,419	25,419	
Actuarial loss related to employee benefits, net of taxes	—	—	—	—	—	—	—	—	—	—	(4,516)	
Comprehensive income	—	—	—	—	—	—	—	—	—	—	20,903	
Stock compensation expense	—	—	—	—	—	—	—	—	71,897	—	71,897	
Dividends paid (Notes 1 and 17)	—	—	—	—	—	—	—	—	(612,401)	—	(612,401)	
Excess tax benefits from exercise of stock options	—	—	—	—	—	—	—	—	1,915	—	1,915	
Balance at March 31, 2010	10,292,290	\$ 103	235,020	\$ 2	202,827	\$ 2	1,334,588	\$ 40	\$ 526,618	\$ (13,364)	\$ (3,818)	
Issuance of common stock	8,983	—	—	—	—	—	70,293	2	1,000	—	1,002	
Stock options exercised	35,181	1	—	—	—	—	—	—	1,502	—	1,503	
Excess tax benefits from exercise of stock options	—	—	—	—	—	—	—	—	552	—	552	
Share exchange	(70,293)	(1)	70,293	1	—	—	—	—	—	—	—	
Recognition of liability related to future stock option exercises (Note 17)	—	—	—	—	—	—	—	—	(3,875)	—	(3,875)	
Net income	—	—	—	—	—	—	—	—	—	28,169	28,169	
Actuarial gain related to employee benefits, net of taxes	—	—	—	—	—	—	—	—	—	—	82	
Comprehensive income	—	—	—	—	—	—	—	—	—	—	28,251	
Stock compensation expense	—	—	—	—	—	—	—	—	15,660	—	15,660	
Balance at June 30, 2010 (unaudited)	10,266,161	\$ 103	305,313	\$ 3	202,827	\$ 2	1,404,881	\$ 42	\$ 541,457	\$ 14,805	\$ (3,736)	

The accompanying notes are an integral part of these Consolidated Financial Statements.

BOOZ ALLEN HAMILTON HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2010

1. OVERVIEW

Our Business

Booz Allen Hamilton Holding Corporation, including its wholly owned subsidiaries (“Holding” or the “Company”), is an affiliate of The Carlyle Group (“Carlyle”) and was incorporated in Delaware in May 2008. The Company and its subsidiaries provide management and technology consulting services primarily to the U.S. government and its agencies in the defense, intelligence, and civil markets. The Company offers clients functional knowledge spanning strategy and organization, analytics, technology and operations, which it combines with specialized expertise in clients’ mission and domain areas to help solve critical problems. The Company reports operating results and financial data in one operating segment. The Company is headquartered in McLean, Virginia, with approximately 23,300 employees as of March 31, 2010.

Spin-off and Merger Transactions

On July 31, 2008, pursuant to a merger agreement (the “Merger Agreement”), the then-existing shareholders of Booz Allen Hamilton, Inc. completed the spin-off of the commercial business to the commercial partners. Effective August 1, 2008, Holding acquired the outstanding common stock of Booz Allen Hamilton, Inc., which consisted of the U.S. government consulting business, through the merger of Booz Allen Hamilton, Inc. with a wholly-owned subsidiary of Holding (the “Merger Transaction” or the “Acquisition”). The Company acquired Booz Allen Hamilton, Inc. for total consideration of \$1,828.0 million. As discussed in Note 4, the acquisition consideration was allocated to the acquired net assets, identified intangibles of \$353.8 million, and goodwill of \$1,163.1 million. Prior to the Merger Transaction, Booz Allen Hamilton, Inc. is referred to as the Predecessor for accounting purposes. The Predecessor’s consolidated financial statements have been presented for fiscal 2008 and the four months ended July 31, 2008. The consolidated financial statements of Holding subsequent to the Merger Transaction, which is referred to as the Company, have been presented from August 1, 2008 through March 31, 2009, for fiscal 2010 and for the three months ended June 30, 2009 and 2010. From May through July 2008, Holding had no operations. As a result, the Company is presented as commencing on August 1, 2008.

In connection with the Acquisition, the Company issued certain shares of its common stock in exchange for shares of the Predecessor. The Officers’ Rollover Stock Plan (the “Rollover Plan”) was adopted as a mechanism to enable the exchange of a portion of previous equity interests in the Predecessor for equity interests in Holding. Common Stock owned by the Predecessor’s U.S. government consulting partners were exchanged for Class A Common Stock of Holding, while common stock owned by a limited number of the Predecessor’s commercial consulting partners were exchanged for Class B Non-Voting Common Stock of Holding. Fully vested shares of the Predecessor were exchanged for vested shares of the Company, with a fair value of \$79.7 million. This amount was included as a component of the total acquisition consideration. The Company also exchanged restricted shares and options for previously issued and outstanding stock rights of the Predecessor held by the Predecessor’s U.S. government consulting partners. The Predecessor’s commercial consulting partners exercised their previously outstanding stock rights and received cash for the underlying shares surrendered. Based on the vesting terms of the Company’s newly issued Class C Restricted Common Stock and the new options granted under the Rollover Plan, the fair value of the issued awards of \$147.4 million is being recognized as compensation expense by the Company subsequent to the Acquisition, as discussed further in Note 17.

In connection with the Merger Transaction, the Company entered into a senior secured credit agreement (the “Senior Secured Agreement”) and a mezzanine credit agreement (the “Mezzanine Credit Agreement”) for a total amount of \$1,240.3 million. The total debt proceeds received by the Company at Closing were net of debt issuance costs of \$45.0 million and original issue discount on the debt of \$19.7 million. Prior to the Merger Transaction, the Predecessor had an outstanding line of credit of \$245.0 million. The Company paid off the Predecessor’s line of credit with proceeds from the financing. In addition to the debt used to finance

BOOZ ALLEN HAMILTON HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

the Company's acquisition of Booz Allen Hamilton, Inc., Carlyle, along with a consortium of other investors, provided \$956.5 million in cash in exchange for equity interests in the Company.

Recapitalization Transaction and Repricing

On December 11, 2009, the Company consummated a recapitalization transaction (the "Recapitalization Transaction"), which included amendments of the Senior Secured Agreement to include a new term loan ("Tranche C") with \$350.0 million of principal, and the Mezzanine Credit Agreement primarily to allow for the recapitalization and payment of a special dividend. This special dividend was declared by the Company's Board of Directors on December 7, 2009, to be paid to holders of record as of December 8, 2009. Net proceeds from Tranche C of \$341.3 million less transaction costs of \$13.2 million, along with cash on hand of \$321.9 million, were used to fund a partial payment of the Company's deferred payment obligation ("DPO") in the amount of \$100.4 million, and a dividend payment of \$46.42 per share, or \$497.5 million, which was paid on all issued and outstanding shares of Holding's Class A Common Stock, Class B Non-Voting Common Stock, and Class C Restricted Common Stock. As required by the Officers' Rollover Stock Plan and the Equity Incentive Plan, the exercise price per share of each outstanding option was reduced. Because the reduction in per share value exceeded the exercise price for certain of the options granted under the Officers' Rollover Stock Plan, the exercise price for those options was reduced to the \$0.01 par value of the shares issuable on exercise, and the holders became entitled to receive a cash payment equal to the excess of the reduction in per share value over the reduction in exercise price to the par value. The difference between one cent and the reduced value for shares vested and not yet exercised of approximately \$54.4 million will be paid in cash upon exercise of the options. As of March 31, 2010, the Company reported \$27.4 million in other long-term liabilities and \$7.0 million in accrued compensation and benefits in the consolidated balance sheets for the portion of stock-based compensation recognized as of March 31, 2010, which is reflective of the options vested with an exercise price of one cent. Transaction fees incurred in connection with the Recapitalization Transaction were approximately \$22.4 million, of which approximately \$15.8 million were deferred financing costs and will be amortized over the lives of the loans. Refer to Note 10 for further discussion of the DPO, Note 11 for further discussion of the amended credit agreements, Note 12 for further discussion of the accounting for deferred financing costs, and Note 17 for further discussion of the December 2009 dividend and associated future cash payments as related to stock options.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, and have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP"). All intercompany balances and transactions are eliminated in consolidation.

The operating results of the global commercial business that was spun off by the Predecessor effective July 31, 2008 have been presented as discontinued operations in the Predecessor's consolidated financial statements and the related notes included in these financial statements. These operations and cash flows are clearly distinguished from the continuing business, the operations have been disposed of, and there was no continuing involvement in the operations after August 1, 2008.

The statement of cash flows for the year ended March 31, 2008 reflects the reclassification of certain amounts resulting in an increase of \$3.3 million in net cash used in financing activities of continuing operations and a corresponding decrease in net cash used in investing activities of continuing operations.

The Company's fiscal year ends on March 31 and unless otherwise noted, references to fiscal year or fiscal are for fiscal years ended March 31. The accompanying audited financial statements present the financial position of the Company as of March 31, 2009 and 2010, the Company's results of operations for the eight months ended March 31, 2009 and fiscal 2010, and the Predecessor's results of operations for fiscal 2008 and four months ended July 31, 2008.

BOOZ ALLEN HAMILTON HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Unaudited Interim Financial Information

The accompanying unaudited interim consolidated balance sheet as of June 30, 2010, the consolidated statements of operations and cash flows for the three months ended June 30, 2009 and 2010, and the consolidated statement of stockholders' equity for the three months ended June 30, 2010 are unaudited. These unaudited interim consolidated financial statements have been prepared in accordance with GAAP. In the opinion of the Company's management, the unaudited interim consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements and include all adjustments necessary for the fair presentation of the Company's statement of financial position, results of operations, and its cash flows for the three months ended June 30, 2009 and 2010. The results for the three months ended June 30, 2010 are not necessarily indicative of the results to be expected for the year ending March 31, 2011. All references to June 30, 2010 or to the three months ended June 30, 2009 and 2010 in the notes to the consolidated financial statements are unaudited.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting periods. Areas of the financial statements where estimates may have the most significant effect include allowance for doubtful accounts, contractual and regulatory reserves, lives of tangible and intangible assets, impairment of long-lived and other assets, realization of deferred tax assets, accrued liabilities, revenue recognition, bonus and other incentive compensation, stock-based compensation, provisions for income taxes, and postretirement obligations. Actual results experienced by the Company may differ materially from management's estimates.

Change in Accounting Principle

In fiscal 2010, the Company and the Predecessor changed their methodology of recognizing revenue for all U.S. government contracts to apply the accounting guidance of Financial Accounting Standards Board ("FASB") Accounting Standards Codification™ ("ASC" or "the Codification") Subtopic 605-35, as directed by ASC Topic 912, which permits revenue recognition on a percentage-of-completion basis. Previously, the Company applied this guidance only to contracts related to the construction or development of tangible assets. For contracts not related to those activities, the Company had applied the general revenue recognition guidance of Staff Accounting Bulletin ("SAB") Topic 13, *Revenue Recognition*. Upon contract completion, both methods yield the same results, but the Company believes that the application of contract accounting under ASC 605-35 to contracts not related to the construction or development of tangible assets is preferable to the application of contract accounting under SAB Topic 13 based on the fact that the percentage-of-completion model utilized under ASC 605-35 is a recognized accounting model, that better reflects the economics of a U.S. government contract during the contract performance period. The only material financial statement impact of the revenue recognition change was the recognition of award fees over the performance period. The Company concluded that this change is appropriate as the award fees earned by the Company are estimable based on historical information and management's monitoring of fees earned and is reflective of the economics of such contracts.

All prior periods presented have been retrospectively adjusted to apply the new method of accounting. The cumulative effect of this change represents the difference between the amount of retained earnings at the beginning of the period of change and the amount of retained earnings that would have been reported at the date if the new accounting principle had been applied retroactively for all prior periods. The cumulative effect of the change in accounting principle on periods prior to those presented of \$28.9 million has been reflected as an adjustment to the opening balance of retained earnings, net of tax, as of April 1, 2007.

BOOZ ALLEN HAMILTON HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The table below presents the impact of the change in this accounting principle on accounts receivable, net, accounts payable and other accrued expenses, revenue, net earnings (loss), and net earnings (loss) per share as if the change had been in place throughout all periods presented (in thousands, except per share data):

	Predecessor		The Company		
	Fiscal Year Ended March 31, 2008	Four Months Ended July 31, 2008	Eight Months Ended March 31, 2009	Fiscal Year Ended March 31, 2010	Three Months Ended June 30, 2009
Impact of change in application of accounting principle applied retrospectively:					
Accounts receivable, net	\$ 842,593	\$ 876,280	\$ 883,311	\$ 980,095	\$ 952,244
Impact of change in revenue recognition	55,175	41,253	42,614	38,216	42,855
Accounts receivable, net, as adjusted	<u>\$ 897,768</u>	<u>\$ 917,533</u>	<u>\$ 925,925</u>	<u>\$ 1,018,311</u>	<u>\$ 995,099</u>
Accounts payable and other accrued expenses	\$ 187,096	\$ 244,024	\$ 234,412	\$ 344,678	\$ 231,609
Impact of change in revenue recognition	9,443	8,813	9,419	9,419	11,632
Accounts payable and other accrued expenses, as adjusted	<u>\$ 196,539</u>	<u>\$ 252,837</u>	<u>\$ 243,831</u>	<u>\$ 354,097</u>	<u>\$ 243,241</u>
Revenue	\$ 3,625,951	\$ 1,423,865	\$ 2,912,610	\$ 5,121,895	\$ 1,225,612
Impact of change in revenue recognition	(896)	(13,922)	28,665	738	3,847
Revenue, as adjusted	<u>\$ 3,625,055</u>	<u>\$ 1,409,943</u>	<u>\$ 2,941,275</u>	<u>\$ 5,122,633</u>	<u>\$ 1,229,459</u>
Net earnings (loss) from continuing operations	\$ 90,175	\$ (389,497)	\$ (55,770)	\$ 24,681	\$ 6,791
Impact of change in revenue recognition	(1,195)	(8,047)	16,987	738	1,634
Net earnings (loss) from continuing operations, as adjusted	<u>\$ 88,980</u>	<u>\$ (397,544)</u>	<u>\$ (38,783)</u>	<u>\$ 25,419</u>	<u>\$ 8,425</u>
Net earnings (loss)	\$ 19,069	\$ (1,237,868)	\$ (55,770)	\$ 24,681	\$ 6,791
Impact of change in revenue recognition	(1,195)	(8,047)	16,987	738	1,634
Net earnings (loss), as adjusted	<u>\$ 17,874</u>	<u>\$ (1,245,915)</u>	<u>\$ (38,783)</u>	<u>\$ 25,419</u>	<u>\$ 8,425</u>
Net earnings (loss) from continuing operations per share:					
Basic	\$ 51.32	\$ (177.61)	\$ (5.28)	\$ 2.32	\$ 0.64
Diluted	<u>\$ 43.92</u>	<u>\$ (177.61)</u>	<u>\$ (5.28)</u>	<u>\$ 2.12</u>	<u>\$ 0.61</u>
Impact of change in revenue recognition per share:					
Basic	\$ (0.68)	\$ (3.67)	\$ 1.61	\$ 0.07	\$ 0.16
Diluted	<u>\$ (0.59)</u>	<u>\$ (3.67)</u>	<u>\$ 1.61</u>	<u>\$ 0.07</u>	<u>\$ 0.15</u>
Net earnings (loss) from continuing operations per share, as adjusted:					
Basic	\$ 50.64	\$ (181.28)	\$ (3.67)	\$ 2.39	\$ 0.80
Diluted	<u>\$ 43.33</u>	<u>\$ (181.28)</u>	<u>\$ (3.67)</u>	<u>\$ 2.19</u>	<u>\$ 0.76</u>
Net earnings (loss) per share:					
Basic	\$ 10.85	\$ (564.46)	\$ (5.28)	\$ 2.32	\$ 0.64
Diluted	<u>\$ 9.29</u>	<u>\$ (564.46)</u>	<u>\$ (5.28)</u>	<u>\$ 2.12</u>	<u>\$ 0.61</u>
Impact of change in revenue recognition per share:					
Basic	\$ (0.68)	\$ (3.67)	\$ 1.61	\$ 0.07	\$ 0.16
Diluted	<u>\$ (0.59)</u>	<u>\$ (3.67)</u>	<u>\$ 1.61</u>	<u>\$ 0.07</u>	<u>\$ 0.15</u>
Net earnings (loss) per share, as adjusted:					
Basic	\$ 10.17	\$ (568.13)	\$ (3.67)	\$ 2.39	\$ 0.80
Diluted	<u>\$ 8.70</u>	<u>\$ (568.13)</u>	<u>\$ (3.67)</u>	<u>\$ 2.19</u>	<u>\$ 0.76</u>

BOOZ ALLEN HAMILTON HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Revenue Recognition

The majority of the Company's revenue is derived from services and solutions provided to the U.S. government and its agencies, primarily by the Company's employees and, to a lesser extent, subcontractors. The Company generates its revenue from the following types of contractual arrangements: cost-plus-fee contracts, time-and-materials contracts, and fixed-price contracts.

Revenue on cost-plus-fee contracts is recognized as services are performed, generally based on the allowable costs incurred during the period plus any recognizable earned fee. The Company considers fixed fees under cost-plus-fee contracts to be earned in proportion to the allowable costs incurred in performance of the contract. For cost-plus-fee contracts that include performance-based fee incentives, which are principally award fee arrangements, the Company recognizes income when such fees are probable and estimable. Estimates of the total fee to be earned are made based on contract provisions, prior experience with similar contracts or clients, and management's monitoring of the performance on such contracts. Contract costs, including indirect expenses, are subject to audit by the Defense Contract Audit Agency and, accordingly, are subject to possible cost disallowances.

Revenue for time-and-materials contracts is recognized as services are performed, generally on the basis of contract allowable labor hours worked multiplied by the contract-defined billing rates, plus allowable direct costs and indirect cost burdens associated with materials used in and other direct expenses incurred in connection with the performance of the contract.

Revenue on fixed-price completion contracts is recognized using percentage-of-completion based on actual costs incurred relative to total estimated costs for the contract. These estimated costs are updated during the term of the contract, and may result in revision by the Company of recognized revenue and estimated costs in the period in which they are identified. Profits on fixed-price contracts result from the difference between incurred costs and revenue earned.

Contract accounting requires significant judgment relative to assessing risks, estimating contract revenue and costs, and making assumptions for schedule and technical issues. Due to the size and nature of many of the Company's contracts, developing total revenue and cost at completion requires the use of estimates. Contract costs include direct labor and billable expenses, as well as an allocation of allowable indirect costs. Billable expenses is comprised of subcontracting costs and other "out of pocket" costs that often include, but are not limited to, travel-related costs and telecommunications charges. The Company recognizes revenue and billable expenses from these transactions on a gross basis. Assumptions regarding the length of time to complete the contract also include expected increases in wages and prices for materials. Estimates of total contract revenue and costs are monitored during the term of the contract and are subject to revision as the contract progresses. Anticipated losses on contracts are recognized in the period they are deemed probable and can be reasonably estimated.

The Company's contracts may include the delivery of a combination of one or more of the Company's service offerings. In these situations, the Company determines whether such arrangements with multiple elements should be treated as separate units of accounting, with revenue allocated to each element of the arrangement based on the fair value of each element.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and highly liquid investments having an original maturity of three months or less. The Company's investments consist primarily of institutional money market funds and U.S. Treasury securities. The Company's investments are carried at cost, which approximates fair value. The Company maintains its cash and cash equivalents in bank accounts that, at times, exceed the federally insured limits. The Company has not experienced any losses in such accounts.

BOOZ ALLEN HAMILTON HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Valuation of Accounts Receivable

The Company maintains allowances for doubtful accounts against certain billed receivables based upon the latest information regarding whether invoices are ultimately collectible. Assessing the collectability of customer receivables requires management judgment. The Company determines its allowance for doubtful accounts by specifically analyzing individual accounts receivable, historical bad debts, customer credit-worthiness, current economic conditions, and accounts receivable aging trends. Valuation reserves are periodically re-evaluated and adjusted as more information about the ultimate collectability of accounts receivable becomes available. Upon determination that a receivable is uncollectible, the receivable balance and any associated reserve are written off.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash equivalents and accounts receivable. The Company's cash equivalents are generally invested in U.S. government insured money market funds and Treasury bills. The Company believes that credit risk, with respect to accounts receivable, are limited as they are primarily U.S. government receivables.

As of March 31, 2009, March 31, 2010, and June 30, 2010, the Company had no derivative financial instruments.

Property and Equipment

Property and equipment are stated at cost, and the balances are presented net of depreciation. The cost of software purchased or internally developed is capitalized. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Furniture and equipment is depreciated over five to ten years, computer equipment is depreciated over three years, and software purchased or developed for internal use is depreciated over one to three years. Leasehold improvements are amortized over the shorter of the useful life of the asset or the lease term. Maintenance and repairs are charged to expense as incurred.

Goodwill

Goodwill is the amount by which the cost of acquired net assets in a business acquisition exceeds the fair value of net identifiable assets on the date of purchase. The Company assesses goodwill for impairment on at least an annual basis on January 1, and whenever impairment indicators are present in events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. The Company defines its reporting unit as its operating segment. The Company considers itself to be a single reporting segment, as discussed in Note 21, and operating unit structure given that the Company is managed and operated as one business. There were no impairment charges for the eight months ended March 31, 2009 or fiscal 2010.

Intangible Assets

Intangible assets consist of trade name, contract backlog, and favorable lease terms. Trade name is not amortized, but is tested annually for impairment. Contract backlog is amortized over the expected backlog life based on projected future cash flows of approximately nine years. Favorable lease terms are amortized over the remaining contractual terms of approximately five years.

Valuation of Long-Lived Assets

The Company reviews its long-lived assets, including property and equipment and intangible assets with finite lives, for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be fully recoverable or that the useful lives are no longer appropriate. If the total of the expected undiscounted future net cash flows expected to result from the use and eventual disposition of the asset is less than its carrying amount, a loss is recorded for the amount required to reduce the carrying amount to fair value. There were no impairment charges for the eight months ended March 31, 2009, or fiscal 2010.

BOOZ ALLEN HAMILTON HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Foreign Currency Transactions

Foreign currency gains (losses) are reported as a component of other expense, net in the accompanying consolidated statements of operations. For fiscal 2008, four months ended July 31, 2008, eight months ended March 31, 2009, and fiscal 2010, net exchange (losses) gains were approximately \$(529,000), \$(53,000), \$49,000, and \$(105,000), respectively.

Income Taxes

Deferred tax assets and liabilities are recorded to recognize the expected future tax benefits or costs of events that have been, or will be, reported in different years for financial statement purposes than for tax purposes. Deferred tax assets and liabilities are computed based on the difference between the financial statement and tax basis of assets and liabilities using enacted tax rates and laws for the years in which these items are expected to reverse. If management determines that a deferred tax asset is not "more likely than not" to be realized, an offsetting valuation allowance is recorded, reducing income and the deferred tax asset in that period. Management records valuation allowances primarily based on an assessment of historical earnings and future taxable income that incorporates prudent, feasible tax-planning strategies. The Company assesses deferred tax assets on an individual jurisdiction basis. The Company reviews tax laws, regulations, and related guidance on an ongoing basis in order to properly record any uncertain tax liabilities.

Comprehensive Income

Comprehensive income is the change in equity of a business enterprise during a period from transactions and other events and circumstances from nonowner sources. Comprehensive income is presented in the consolidated statements of stockholders' equity. Accumulated other comprehensive income as of March 31, 2009, March 31, 2010 and June 30, 2010, consisted of unrealized gains (losses) on the Company's defined and postretirement benefit plans.

Stock-Based Compensation

Share-based payments to employees are recognized in the consolidated statements of operations based on their grant date fair values with the expense being recognized over the requisite service period. The Company uses the Black-Scholes model to determine the fair value of its awards at the time of the grant.

Redeemable Common Stock

Prior to the Merger Transaction, the Predecessor had Redeemable Common Stock. Shares of Redeemable Common Stock issued upon exercise of rights granted prior to April 1, 2006 were marked to the redemption amount at the end of each reporting period with changes recorded in stock-based compensation expense. For shares of Redeemable Common Stock issued upon exercise of rights granted on or after April 1, 2006, the Redeemable Common Stock was marked to the redemption amount through stock-based compensation expense until such shares had been outstanding for six months. After such time, changes in the redemption amount were recorded as a component of stockholders' equity.

Defined Benefit Plan and Other Postretirement Benefits

The Company recognizes the underfunded status of pension and other postretirement benefit plans on the consolidated balance sheets. Gains and losses, prior service costs and credits, and any remaining transition amounts that have not yet been recognized through net periodic benefit cost will be recognized in accumulated other comprehensive income, net of tax effects, until they are amortized as a component of net periodic cost. The measurement date, the date at which the benefit obligation and plan assets are measured, is the Company's fiscal year end.

BOOZ ALLEN HAMILTON HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Self-Funded Medical Plans

The Company maintains self-funded medical insurance. Self-funded plans include a health maintenance organization, preferred provider organization, point of service, qualified point of service, and traditional choice. Further, self-funded plans also include prescription drug benefits. The Company records an incurred but unpaid claim liability in the accrued compensation and benefits line of the consolidated balance sheets for self-funded plans based on an external actuarial valuation.

Estimates are calculated as the midpoint of reasonable ranges. Primary data that drives this estimate is based on claims and enrollment data received provided by a third party valuation firm for medical and pharmacy related costs. These reports detail claims paid and incurred through one month prior to the quarter end.

Deferred Compensation Plan

The Company accounts for its deferred compensation plan on an accrual basis, in accordance with the terms of the underlying contract. To the extent the terms of the contract attribute all or a portion of the expected future benefit to an individual year of the employee's service, the cost of the benefits are recognized in that year. Therefore, the Company estimates that the cost of any and all future benefits that are expected to be paid as a result of the deferred compensation and expenses the present value of those costs in the year as services are provided.

Fair Value Measurements

The accounting standard for fair value measurements defines fair value, establishes a market-based framework or hierarchy for measuring fair value, and expands disclosures about fair value measurements. The standard establishes a three-tier value hierarchy, which prioritizes the inputs used in measuring fair value as follows: observable inputs such as quoted prices in active markets ("Level 1"); inputs other than the quoted prices in active markets that are observable either directly or indirectly ("Level 2"); and observable inputs in which there is little or no market data, which requires the Company to develop its own assumptions ("Level 3").

New Accounting Pronouncements

During the fiscal year ended March 31, 2010, the Company adopted the following accounting pronouncements, none of which had a material impact on the Company's present or historical consolidated financial statements:

During June 2009, the FASB approved the Codification as the single source of authoritative nongovernmental U.S. generally accepted accounting principles. The Codification reorganizes thousands of pronouncements into roughly 90 accounting topics and displays the topics using a consistent structure. All existing accounting standard documents are superseded, and all other accounting literature not included in the Codification is considered nonauthoritative. The Codification became effective for interim and annual periods ending after September 15, 2009. The Codification did not have a material impact on the Company's results of operations or financial position.

During December 2007, the FASB issued ASC 805, *Business Combinations*, which the Company adopted effective January 1, 2009. This guidance replaced existing guidance and significantly changed accounting and reporting relative to business combinations in consolidated financial statements, including requirements to recognize acquisition-related transaction costs and post acquisition restructuring costs in the results of operations as incurred. There was not a material impact to the Company's consolidated financial statements upon adoption of this standard. Any future business combinations will be presented in accordance with ASC 805, but the nature and magnitude of the specific effects will depend on the nature, terms and size of the acquisitions. Additionally, ASC 805 changes the accounting for uncertain tax positions that are settled subsequent to adoption, but relate to preacquisition tax contingencies that

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

existed prior to the adoption of ASC 805. To the extent that the Company's established tax contingencies are realized at an amount greater or less than the contingency recorded, this adoption could materially impact the Company's results of operations.

During June 2009, the FASB issued ASC 855, *Subsequent Events*, which the Company adopted effective June 30, 2009. This guidance establishes general standards of accounting for, and disclosures of, events that occur after the balance sheet date but before the financial statements are issued. During February 2010, the FASB amended the evaluation and disclosure requirements for subsequent events for companies that are not required to file with the U.S. Securities and Exchange Commission. The Company adopted the amended subsequent event requirements effective March 31, 2010. There was no material impact to the Company's consolidated financial statements upon adoption of the original or amended standard.

In October 2009, the FASB issued Accounting Standards Update No. 2009-13, *Multiple-Deliverable Revenue Arrangements*, which amends ASC 605, *Revenue Recognition*. The guidance relates to the determination of when the individual deliverables included in a multiple-element arrangement may be treated as separate units of accounting and modifies the manner in which the transaction consideration is allocated across the individual deliverables, thereby affecting the timing of revenue recognition. The guidance also expands the disclosure requirements for revenue arrangements with multiple deliverables. The guidance will be effective beginning on April 1, 2011, and may be applied retrospectively for all periods presented or prospectively to arrangements entered into or materially modified after the adoption date. Early adoption is permitted provided that the guidance is retroactively applied to the beginning of the year of adoption. The Company is currently assessing the potential effect, if any, on its consolidated financial statements.

3. EARNINGS PER SHARE

The Company computes basic and diluted per share amounts based on net income (loss) for the periods presented. The Company uses the weighted average number of common shares outstanding during the period to calculate basic earnings (loss) per share. Diluted EPS is computed similar to basic EPS, except the weighted average number of shares outstanding is increased to include the dilutive effect of outstanding common stock options and other stock-based awards.

The Company currently has outstanding shares of Class A Common Stock, Class B Non-Voting Common Stock, Class C Restricted Common Stock, and Class E Special Voting Common Stock. Class E shares are not included in the calculation of EPS as these shares represent voting rights only and are not entitled to participate in dividends or other distributions.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

A reconciliation of the income (loss) used to compute basic and diluted EPS for the periods presented are as follows (in thousands, except share and per share amounts):

	Predecessor		The Company			
	Fiscal Year Ended March 31, 2008	Four Months Ended July 31, 2008	Eight Months Ended March 31, 2009	Fiscal Year Ended March 31, 2010	Three Months Ended June 30, 2009	Three Months Ended June 30, 2010
Earnings (loss) from continuing operations for basic and diluted computations	\$ 88,980	\$ (397,544)	\$ (38,783)	\$ 25,419	\$ 8,425	\$ 28,169
Earnings (loss) for basic and diluted computations	17,874	(1,245,915)	(38,783)	25,419	8,425	28,169
Weighted-average Class A Common Stock outstanding	1,757,000	2,193,000	10,131,687	10,209,918	10,132,071	10,274,748
Weighted-average Class B Non-Voting Common Stock outstanding	—	—	235,020	235,020	235,020	266,690
Weighted-average Class C Restricted Common Stock outstanding	—	—	202,827	202,827	202,827	202,827
Total weighted-average common shares outstanding for basic computations	1,757,000	2,193,000	10,569,534	10,647,765	10,569,918	10,744,265
Dilutive stock options and restricted stock	296,338	—	—	975,073	585,834	1,351,297
Average number of common shares outstanding for diluted computations	2,053,338	2,193,000	10,569,534	11,622,838	11,155,752	12,095,562
Earnings (loss) from continuing operations per common share						
Basic	\$ 50.64	\$ (181.28)	\$ (3.67)	\$ 2.39	\$ 0.80	\$ 2.62
Diluted	\$ 43.33	\$ (181.28)	\$ (3.67)	\$ 2.19	\$ 0.76	\$ 2.33
Earnings (loss) per common share						
Basic	\$ 10.17	\$ (568.13)	\$ (3.67)	\$ 2.39	\$ 0.80	\$ 2.62
Diluted	\$ 8.70	\$ (568.13)	\$ (3.67)	\$ 2.19	\$ 0.76	\$ 2.33

4. BUSINESS COMBINATION

The Company acquired the outstanding common stock of Booz Allen Hamilton, Inc. effective August 1, 2008. The purchase price was \$1,828.0 million as of March 31, 2010. Pursuant to the Merger Agreement, spin-off, indemnification and working capital escrow accounts in the amounts of \$15.0 million, \$25.0 million, and \$50.0 million, respectively, were established for a period of one year from the date of the closing or until all outstanding claims made against the escrow accounts are resolved, whichever is later. As of March 31, 2010, payments in the aggregate amount of \$52.5 million were made out of the escrow accounts, of which \$13.0 million has been released to selling shareholders.

In connection with the Merger Transaction, the Company established a DPO of \$158.0 million, of which \$78.0 million was set aside to be paid in full to the selling shareholders. As discussed in Note 10, on December 11, 2009, in connection with the Recapitalization Transaction, \$100.4 million was paid to the selling shareholders, of which \$78.0 million was the repayment of that portion of the DPO, with approximately \$22.4 million representing accrued interest. The DPO also was established for additional consideration for the selling shareholders of up to \$80.0 million plus accrued interest, payable by the tenth

BOOZ ALLEN HAMILTON HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

anniversary of the July 31, 2008 Merger Transaction closing date, and following favorable settlement of any indemnified pre-acquisition contingency claims made against the DPO. As of March 31, 2009 and 2010, \$59.6 million and \$62.4 million, respectively, may be indemnified under the DPO. As the indemnified claims are settled favorably, any amount remaining after settlement will be reflected as an increase in the DPO. An adjustment to the purchase price equal to the DPO adjustment will be recorded as additional consideration to be paid to the selling shareholders. As of March 31, 2009 and 2010, there were no significant settled claims and, accordingly, no adjustments to purchase price. Refer to note 10 for further discussion of the DPO.

As discussed in Note 1, the total purchase price was allocated to net tangible and identifiable intangible assets based on their estimated fair values as of the effective date of the acquisition. In allocating the purchase price, the Company considered, among other factors, its intention for future use of acquired assets, analysis of historical financial performance, and estimates of future performance of contracts. The components of intangible assets associated with the acquisition were contract backlog, favorable lease terms, and trade name, valued at \$160.8 million, \$2.8 million, and \$190.2 million, respectively. Trade name, an indefinite lived intangible, represents the estimated fair value for all trade names and trademarks employed by the Company as of the closing date. Backlog consists of services that the Company is committed to fulfill according to the terms of its contracts and task orders. Favorable lease terms represent the differential between the payment terms of in-place leases and market lease rates. Backlog and favorable lease terms are amortized over nine and five years, respectively.

Purchase Price Allocation

The following table represents the purchase price allocation which includes the resolution of certain working capital, tax adjustments and purchase negotiation matters during fiscal 2010 (in thousands):

Current assets	\$ 1,009,589
Property and equipment	141,219
Other noncurrent assets	40,289
Current liabilities	(489,611)
Notes payable, current and long-term	(245,000)
Other long-term liabilities	(145,417)
Net assets acquired	311,069
Definite-lived intangible assets acquired	163,600
Indefinite-lived intangible assets acquired	190,200
Goodwill	1,163,129
Total purchase price	<u>\$ 1,827,998</u>

The following unaudited pro forma combined condensed statement of income sets forth the consolidated results of operations of the Company as if the above described acquisition had occurred at April 1, 2008. The unaudited pro forma information does not purport to be indicative of the actual results that would have occurred if the combination had occurred at this earlier date (in thousands, except per share amounts):

	<u>Fiscal Year Ended</u> <u>March 31, 2009</u>
Revenue	\$4,351,218
Net loss	(49,441)
Loss per common share:	
Basic	\$ (4.68)
Diluted	\$ (4.68)

BOOZ ALLEN HAMILTON HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

5. GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill

As of March 31, 2009, March 31, 2010, and June 30, 2010, goodwill was \$1,141.6 million, \$1,163.1 million, and \$1,161.7 million, respectively. Goodwill, which is associated with the Merger Transaction, was primarily attributed to the employees of the Company, their presence in the marketplace, and the value paid for by companies that operate in the Company's industry (see Note 4). The change in the carrying amount of goodwill is attributable to the resolution of certain working capital, tax adjustments and purchase negotiation matters during fiscal 2010 and the three months ended June 30, 2010.

The Company performed an annual valuation of indefinite-lived intangible assets including goodwill as of January 1, 2010, noting no impairment. Goodwill was assessed for the Company's one reporting unit utilizing a two-step methodology. The first step requires the Company to estimate the fair value of its reporting unit and compare it to the carrying value. If the carrying value of a reporting unit were to exceed its fair value, the goodwill of that reporting unit would be potentially impaired, and the Company would proceed to step two of the impairment analysis. In step two of the impairment analysis, the Company would measure and record an impairment loss equal to the excess of the carrying value of the reporting unit's goodwill over its implied fair value should such a circumstance arise. The outcome of the first step of the Company's test indicated that there was no potential impairment, and therefore the second step of the test was not required. The trademark was evaluated as an indefinite life intangible asset prior to the testing of goodwill. At January 1, 2010, the fair value of the Company's goodwill and trademark each exceeded their carrying value. There were no additional events or changes that indicated any impairment as of March 31, 2010.

Other Intangible Assets

The following tables set forth information for intangible assets (in thousands):

	As of March 31, 2009			As of March 31, 2010			As of June 30, 2010		
	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Amortized Intangible Assets									
Contract backlog	\$160,800	\$43,613	\$117,187	\$160,800	\$83,405	\$ 77,395	\$160,800	\$90,379	\$ 70,421
Favorable leases	2,800	710	2,090	2,800	1,515	1,285	2,800	1,699	1,101
Total	\$163,600	\$44,323	\$119,277	\$163,600	\$84,920	\$ 78,680	\$163,600	\$92,078	\$ 71,522
Unamortized Intangible Assets									
Trade name	\$190,200	\$ —	\$190,200	\$190,200	\$ —	\$190,200	\$190,200	\$ —	\$190,200
Total	\$353,800	\$44,323	\$309,477	\$353,800	\$84,920	\$268,880	\$353,800	\$92,078	\$261,722

As a result of the Merger Transaction, amortization expense for the eight months ended March 31, 2009 and fiscal 2010, was \$44.3 million and \$40.6 million, respectively. Amortization expense for the three months ended June 30, 2009 and 2010 was \$10.1 million and \$7.2 million, respectively. There were no intangible

BOOZ ALLEN HAMILTON HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

assets prior to the Merger Transaction. The following table summarizes the estimated annual amortization expense for future periods indicated below (in thousands):

For the Fiscal Year Ending March 31,	
2011	\$ 28,645
2012	16,364
2013	12,549
2014	8,450
2015	4,225
Thereafter	8,447
	<u>\$ 78,680</u>

The Company reviews its long-lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be fully recoverable. If the total of the expected undiscounted future net cash flows is less than the carrying amount of the asset, a loss is recognized for the difference between the fair value and carrying amount of the asset. There were no impairment charges for the eight months ended March 31, 2009 or fiscal 2010.

6. ACCOUNTS RECEIVABLE

Accounts receivable, net consisted of the following (in thousands):

	March 31,		June 30,
	2009	2010	2010
			(Unaudited)
Accounts receivable — billed	\$ 460,215	\$ 437,256	\$ 453,362
Accounts receivable — unbilled	467,358	583,182	543,755
Allowance for doubtful accounts	(1,648)	(2,127)	(2,191)
Accounts receivable, net, current	925,925	1,018,311	994,926
Long-term unbilled receivables related to retainage and holdbacks	13,051	17,072	17,446
Total accounts receivable, net	<u>\$ 938,976</u>	<u>\$ 1,035,383</u>	<u>\$ 1,012,372</u>

The Company recognized a provision for doubtful accounts of \$7.1 million, \$1.0 million, \$2.1 million, and \$1.4 million for fiscal 2008, four months ended July 31, 2008, eight months ended March 31, 2009, and fiscal 2010, respectively. The Company recognized a provision for doubtful accounts of \$77,000 for the three months ended June 30, 2010. Long-term unbilled receivables related to retainage, holdbacks, and long-term rate settlements to be billed at contract closeout are included in accounts receivable in the accompanying consolidated balance sheets.

BOOZ ALLEN HAMILTON HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

7. PROPERTY AND EQUIPMENT

The components of property and equipment, net were as follows (in thousands):

	March 31,	
	2009	2010
Furniture and equipment	\$ 66,748	\$ 82,759
Computer equipment	34,077	43,824
Software	10,164	20,693
Leasehold improvements	66,883	79,501
Total	177,872	226,777
Less accumulated depreciation and amortization	(35,329)	(90,129)
Property and equipment, net	<u>\$ 142,543</u>	<u>\$ 136,648</u>

Property and equipment, net, includes \$3.1 million and \$12.1 million of internally developed software, net of depreciation as of March 31, 2009 and 2010, respectively.

Depreciation and amortization expense relating to property and equipment for fiscal 2008, four months ended July 31, 2008, eight months ended March 31, 2009, and fiscal 2010, was \$33.1 million, \$11.9 million, \$35.3 million, and \$55.2 million, respectively.

8. ACCOUNTS PAYABLE AND OTHER ACCRUED EXPENSES

Accounts payable and other accrued expenses consist of the following (in thousands):

	March 31,		June 30,
	2009	2010	2010 (Unaudited)
Vendor payables	\$ 184,394	\$ 257,418	\$ 235,084
Accrued expenses	56,774	93,317	102,242
Other	2,663	3,362	5,382
Total accounts payable and other accrued expenses	<u>\$ 243,831</u>	<u>\$ 354,097</u>	<u>\$ 342,708</u>

9. ACCRUED COMPENSATION AND BENEFITS

Accrued compensation and benefits consist of the following (in thousands):

	March 31,		June 30,
	2009	2010	2010 (Unaudited)
Bonus	\$ 135,566	\$ 146,035	\$ 33,557
Retirement	74,614	89,200	107,794
Vacation	104,249	119,912	125,028
Other	29,980	29,998	39,025
Total accrued compensation and benefits	<u>\$ 344,409</u>	<u>\$ 385,145</u>	<u>\$ 305,404</u>

10. DEFERRED PAYMENT OBLIGATION

In connection with the Merger Transaction, on July 31, 2008 (the "Closing Date") the Company established a DPO of \$158.0 million, payable by 8^{1/2} years after the Closing Date, less any settled claims. Pursuant to the Merger Agreement, \$78.0 million of the \$158.0 million DPO was required to be paid in full to the selling shareholders. On December 11, 2009, in connection with the Recapitalization Transaction, \$100.4 million was paid to the selling shareholders, of which \$78.0 million was the repayment of that portion of the DPO, with approximately \$22.4 million representing accrued interest.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The remaining \$80.0 million is available to indemnify the Company for certain pre-acquisition tax contingencies, related interest and penalties and other matters pursuant to the Merger Agreement. Any amounts remaining after the settlement of claims will be paid out to the selling shareholders. As of March 31, 2009 and 2010, the Company has recorded \$99.4 million and \$100.2 million, respectively, for pre-acquisition uncertain tax positions, of which approximately \$59.6 million and \$62.4 million, respectively, may be indemnified under the remaining available DPO. In addition, other tax contingencies not currently recorded on the Company's consolidated balance sheets may arise and may be indemnified by any remaining DPO. Accordingly, the \$109.0 million and \$20.0 million DPO balance recorded as of March 31, 2009 and 2010, respectively, includes the residual balance to be paid to the selling shareholders based on consideration of contingent tax claims and accrued interest. Interest is accrued at a rate of 5.0% per six-month period on the total remaining \$158.0 million and \$80.0 million DPO, net of any settled claims or payments as of March 31, 2009 and 2010, respectively. As of March 31, 2009 and 2010, there have been no significant settled claims or payments from the DPO related to indemnified claims.

11. DEBT

Long-term debt, net of discount, consists of the following (in thousands):

	March 31,		June 30,
	2009	2010	2010 (Unaudited)
Senior secured credit agreement:			
Tranche A	\$ 119,708	\$ 110,829	\$ 107,830
Tranche B	571,260	566,811	565,709
Tranche C	—	345,790	345,054
	<u>690,968</u>	<u>1,023,430</u>	<u>1,018,593</u>
Unsecured credit agreement:			
Mezzanine Term Loan	544,759	545,202	545,320
Total	1,235,727	1,568,632	1,563,913
Current portion of long-term debt	(15,225)	(21,850)	(21,850)
Long-term debt, net of current portion	<u>\$ 1,220,502</u>	<u>\$ 1,546,782</u>	<u>\$ 1,542,063</u>

The Company maintains a Senior Secured Agreement and a Mezzanine Credit Agreement with a syndicate of lenders. In connection with the Recapitalization Transaction, the Senior Secured Agreement was amended and restated effective December 11, 2009, to add Tranche C term loans in the aggregate principal amount of \$350.0 million and provide for an increase to the Company's revolving credit facility of \$145.0 million. The Senior Secured Agreement, as amended, provides for \$1,060.0 million in term loans (\$125.0 million Tranche A, \$585.0 million Tranche B, and \$350.0 million Tranche C), and a \$245.0 million revolving credit facility. In September 2008, a member of the syndicate of lenders filed for bankruptcy. Therefore, management believes that \$21.3 million of the \$245.0 million revolving credit facility under the Senior Secured Agreement will not be available to the Company.

The Senior Secured Agreement requires scheduled principal payments in equal consecutive quarterly installments of the stated principal amount of Tranche A, which commenced on December 31, 2008, with incremental increases prior to the Tranche A maturity date of July 31, 2014. As of March 31, 2009 and 2010, the quarterly installment amount is 1.25% and 2.5% of the stated principal amount of Tranche A, respectively. The Senior Secured Agreement also requires scheduled principal payments in equal consecutive quarterly installments of 0.25% of the stated principal amount of Tranche B, which commenced on December 31, 2008, and 0.25% of the stated principal amount of Tranche C, which commenced on March 31, 2010. The remaining balances thereof on Tranche B and Tranche C are payable on their maturity date of July 31, 2015.

BOOZ ALLEN HAMILTON HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The revolving credit facility matures on July 31, 2014, at which time any remaining principal balance is due in full.

At the Company's option, the interest rate on loans under the Senior Secured Agreement may be based on the Eurocurrency rate or alternate base rate ("ABR"). Subject to a pricing grid, the applicable interest rate margins on Tranche A are 3.75% with respect to Eurocurrency loans, or 2.75% with respect to ABR loans, as defined in the Senior Secured Agreement. The applicable interest rate margins on Tranche B are 4.5% with respect to Eurocurrency Loans, or 3.5% with respect to ABR loans, as defined in the Senior Secured Agreement. The Tranche B interest rate may not be lower than 7.5% on either a Eurocurrency Loan or an ABR loan. The applicable interest rate margins on Tranche C are 4.0% with respect to Eurocurrency Loans, or 3.0% with respect to ABR loans, as defined in the Senior Secured Agreement. The Tranche C interest rate may not be lower than 6.0% on either a Eurocurrency Loan or an ABR loan.

As of March 31, 2009, interest accrued at a rate of 4.2% and 7.5% for Tranches A and B, respectively. Interest payments in the amounts of \$4.9 million and \$29.5 million were made for Tranches A and B, respectively, during the eight months ended March 31, 2009. As of March 31, 2010, interest accrued at a rate of 4.0%, 7.5%, and 6.0% for Tranches A, B, and C, respectively. Interest payments in the amounts of \$4.9 million, \$44.1 million, and \$5.3 million were made for Tranches A, B, and C, respectively, during fiscal 2010. Interest payments in the amounts of \$1.1 million, \$10.9 million, and \$5.3 million were made for Tranches A, B, and C, respectively, during the three months ended June 30, 2010. The applicable interest rate margins on the revolving credit facility are 3.75% with respect to Eurocurrency Loans, or 2.75% with respect to ABR loans, as defined in the Senior Secured Agreement. The revolving credit facility margin and commitment fee are subject to the pricing grid, as defined in the Senior Secured Agreement. As of March 31, 2009, March 31, 2010, and June 30, 2010, no amounts have been drawn on the revolving credit facility.

The Mezzanine Credit Agreement provides for a \$550.0 million term loan (the "Mezzanine Term Loan"). The Mezzanine Term Loan does not require scheduled principal payment installments, but reaches maturity on July 31, 2016, at which time the remaining principal balance is due in full. Optional prepayment of the Mezzanine Term Loan requires a prepayment fee equal to 3.0% of the principal amount prepaid if paid on or after the second anniversary but before the third anniversary of the original July 31, 2008 closing date, 2.0% if paid on or after the third anniversary but before the fourth anniversary of the closing date, and a mandatory 1.0% if paid on or after the fourth anniversary of the closing date. The Company records the mandatory 1% payment as additional interest expense over the life of the Mezzanine Term Loan on the consolidated statements of operations. Prepayments made before the second anniversary of closing date are subject to additional premiums and penalties based on the present value of the debt and remaining interest payments at the time of such prepayment. The applicable fixed interest rate on the Mezzanine Term Loan is 13.0%, with the option that, in lieu of interest payment in cash, up to 2.0% of that amount would be added to the then outstanding aggregate principal balance. The Company made interest payments in the amount of \$48.3 million and \$72.5 million during the eight months ended 2009, and fiscal 2010, respectively. The Company made interest payments in the amount of \$18.1 million and \$18.1 million during the three months ended June 30, 2009 and 2010, respectively.

The total outstanding debt balance is recorded in the accompanying consolidated balance sheets, net of unamortized discount of \$18.2 million and \$19.2 million as of March 31, 2009 and 2010, respectively.

BOOZ ALLEN HAMILTON HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following tables summarizes required future debt principal repayments (in thousands):

	Payments Due By March 31,						
	Total	2011	2012	2013	2014	2015	Thereafter
Tranche A	112,500	\$ 12,500	\$ 15,625	\$ 21,875	\$ 62,500	\$ —	\$ —
Tranche B	576,225	5,850	5,850	5,850	5,850	5,850	546,975
Tranche C	349,125	3,500	3,500	3,500	3,500	3,500	331,625
Mezzanine Term Loan	550,000	—	—	—	—	—	550,000
Total	\$ 1,587,850	\$ 21,850	\$ 24,975	\$ 31,225	\$ 71,850	\$ 9,350	\$ 1,428,600

At March 31, 2009 and 2010, the Company was contingently liable under open standby letters of credit and bank guarantees issued by the Company's banks in favor of third parties. These letters of credit and bank guarantees primarily relate to leases and support of insurance obligations that total \$1.4 million. These instruments reduce the Company's available borrowings under the revolving credit facility.

The loans under the Senior Secured Agreement are secured by substantially all of the Company's assets. The Senior Secured Agreement requires the maintenance of certain financial and non-financial covenants. The Mezzanine Term Loan is unsecured, and the Mezzanine Credit Agreement requires the maintenance of certain financial and non-financial covenants. As of March 31, 2009, March 31, 2010, and June 30, 2010, the Company was in compliance with all of its covenants.

12. DEFERRED FINANCING COSTS

Costs incurred in connection with securing the loans under the Senior Secured Agreement as well as the Mezzanine Credit Agreement in 2008 were \$45.0 million, which is recorded as other long-term assets and will be amortized over the life of the loan. Costs incurred in connection with the Recapitalization Transaction, including amending the Senior Secured Agreement and Mezzanine Credit Agreement, were approximately \$18.9 million. Of this amount, approximately \$15.8 million was recorded as other long-term assets in the consolidated balance sheets and will be amortized and reflected in interest expense in the consolidated statements of operations over the lives of the loans. Amortization of these costs will be accelerated to the extent that any prepayment is made on the term loans. The remaining amount of approximately \$3.1 million was recorded as general and administrative expense in the consolidated statement of operations for fiscal 2010.

At March 31, 2009 and 2010, the unamortized debt issuance costs of \$41.9 million and \$52.0 million, respectively, were reflected as other long-term assets in the consolidated balance sheets. During the eight months ended March 31, 2009 and fiscal 2010, \$3.1 million and \$5.7 million of costs, respectively, were amortized and reflected in interest expense in the consolidated statements of operations.

BOOZ ALLEN HAMILTON HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

13. INCOME TAXES

The components of income tax expense (benefit) were as follows (in thousands):

	Predecessor		The Company			
	Fiscal Year Ended March 31, 2008	Four Months Ended July 31, 2008	Eight Months Ended March 31, 2009	Fiscal Year Ended March 31, 2010	Three Months Ended June 30, 2009 (Unaudited)	Three Months Ended June 30, 2010 (Unaudited)
Current:						
U.S. Federal	\$ 93,374	\$ (1,414)	\$ —	\$ 2,664	\$ 676	\$ 1,851
State and local	9,307	(459)	—	1,074	616	480
Total current	<u>102,681</u>	<u>(1,873)</u>	<u>—</u>	<u>3,738</u>	<u>1,292</u>	<u>2,331</u>
Deferred:						
U.S. Federal	(37,566)	(44,996)	(16,133)	18,004	5,386	15,709
State and local	(2,422)	(9,240)	(6,014)	1,833	869	1,876
Total deferred	<u>(39,988)</u>	<u>(54,236)</u>	<u>(22,147)</u>	<u>19,837</u>	<u>6,255</u>	<u>17,585</u>
Total	<u>\$ 62,693</u>	<u>\$ (56,109)</u>	<u>\$ (22,147)</u>	<u>\$ 23,575</u>	<u>\$ 7,547</u>	<u>\$ 19,916</u>

A reconciliation between income tax computed at the U.S. federal statutory income tax rate to income tax expense (benefit) from continuing operations follows (in thousands):

	Predecessor		The Company	
	Fiscal Year Ended March 31, 2008	Four Months Ended July 31, 2008	Eight Months Ended March 31, 2009	Fiscal Year Ended March 31, 2010
Income tax expense (benefit) computed at U.S. statutory rate (35)%	\$ 53,086	\$ (158,779)	\$ (21,326)	\$ 17,148
Increases (reductions) in taxes due to:				
State income taxes, net of the federal tax benefit	8,541	(6,889)	(2,651)	2,913
Meals and entertainment	738	—	1,321	2,552
Nondeductible stock-based compensation	—	97,048	—	—
Other	328	12,511	509	962
Income tax expense (benefit) from continuing operations	<u>\$ 62,693</u>	<u>\$ (56,109)</u>	<u>\$ (22,147)</u>	<u>\$ 23,575</u>

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Significant components of the Company's net deferred income tax asset were as follows (in thousands):

	March 31,	
	2009	2010
Deferred income tax assets:		
Accrued expenses	\$ 21,677	\$ 36,655
Stock-based compensation	26,148	47,461
Pension and postretirement insurance	15,503	844
Property and equipment	11,087	28,728
Net operating loss carryforwards	243,430	141,472
Capital loss carryforward	10,056	42,379
AMT	—	3,091
Other	640	8,960
Total gross deferred income taxes	328,541	309,590
Less valuation allowance	(10,056)	(42,379)
Total net deferred income tax assets	318,485	267,211
Deferred income tax liabilities:		
Unbilled receivables	116,687	122,733
Intangible assets	122,845	106,106
Other	1,509	—
Total deferred tax liabilities	241,041	228,839
Net deferred income tax asset	<u>\$ 77,444</u>	<u>\$ 38,372</u>

Deferred tax balances reflect the impact of temporary differences between the carrying amount of assets and liabilities and their tax basis and are stated at the tax rates expected to be in effect when taxes are actually paid or recovered. A valuation allowance is provided against deferred tax assets when it is more likely than not that some or all of the deferred tax asset will not be realized. In determining if our deferred tax assets are realizable, we consider the Company's history of generating taxable earnings, forecasted future taxable income, as well as any tax planning strategies. The Company recorded a valuation allowance of \$10.1 million and \$42.4 million as of March 31, 2009 and 2010, respectively, against deferred tax assets associated with the capital loss carryforward. For all other deferred tax assets, the Company believes it is more likely than not that the results of future operations will generate sufficient taxable income to realize these deferred tax assets.

At March 31, 2009 and 2010, the Company has approximately \$608.2 million and \$367.6 million, respectively, of net operating loss ("NOL") carryforwards, which will begin to expire in 2028. Section 382 of the Internal Revenue Code limits the use of a corporation's NOLs and certain other tax benefits following a change in ownership of the corporation. As discussed in Notes 1 and 4, Holding acquired the Predecessor in a nontaxable merger effective August 1, 2008. The transaction resulted in an ownership change, which subjects the NOL generated at July 31, 2008 to the limitation under Section 382.

The Patient Protection and Affordable Care Act and subsequent modifications made in the Health Care and Education Reconciliation Act of 2010 were signed into law in March 2010. Under the new legislation, companies will no longer be able to claim an income tax deduction related to the costs of prescription drug benefits provided to retirees and reimbursed under the Medicare Part D retiree drug subsidy. Although this tax change does not take effect until 2013, the Company is required to recognize the impact to the deferred taxes in the period in which the law is enacted. The impact to the Company is immaterial.

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Uncertain Tax Positions

As of March 31, 2009 and 2010, the Company has recorded \$99.4 million and \$100.2 million, respectively, for pre-acquisition uncertain tax positions, of which approximately \$59.6 million and \$62.4 million, respectively, may be indemnified under the remaining available DPO. Refer to Note 10 for further explanation.

A reconciliation of the beginning and ending amount of total unrecognized tax benefits is as follows (in thousands):

	March 31,	
	2009	2010
Uncertain tax positions:		
Beginning of year	\$ 86,690	\$ 87,867
Increases related to prior-year tax positions	1,077	—
Increases related to current-year tax positions	100	—
Settlements	—	(1,885)
End of year	<u>\$ 87,867</u>	<u>\$ 85,982</u>

Included in the balance of unrecognized tax benefits at March 31, 2009 and 2010 are potential tax benefits of \$87.9 million and \$86.0 million, respectively, that, if recognized, would affect the effective tax rate.

The Company recognizes accrued interest and penalties related to unrecognized tax benefits in the income tax provision. Included in the total unrecognized tax benefit are accrued penalties and interest of \$11.5 million and \$14.2 million at March 31, 2009 and 2010, respectively.

The Company and its subsidiaries file a U.S. consolidated income tax return and file in various state and foreign jurisdictions. The Internal Revenue Service (“IRS”) is completing its examination of the Predecessor’s income tax returns, as assumed by the Company, for 2004, 2005, and 2006. As of March 31, 2010, the IRS has proposed certain significant adjustments to the Company’s claim on research credits. Management is currently appealing the proposed adjustments and does not anticipate that the adjustments will result in a material change to its financial position. Additionally, due to statute of limitations expirations and audit settlements, it is reasonably possible that approximately \$18.5 million of currently remaining unrecognized tax positions, each of which are individually insignificant, may be effectively settled by March 31, 2011.

14. EMPLOYEE BENEFIT PLANS

Defined Contribution Plan

The Company sponsors the Employees’ Capital Accumulation Plan (“ECAP”), which is a qualified defined contribution plan that covers eligible U.S. and international employees. ECAP provides for distributions, subject to certain vesting provisions, to participants by reason of retirement, death, disability, or termination of employment. Total expense under ECAP for fiscal 2008, four months ended July 31, 2008, eight months ended March 31, 2009, and fiscal 2010, was \$150.2 million, \$53.3 million, \$116.8 million, and \$210.3 million, respectively, and the Company-paid contributions were \$147.9 million, \$32.9 million, \$127.3 million, and \$196.3 million, respectively. Total expense under ECAP for the three months ended June 30, 2009 and 2010 was \$48.6 million and \$56.3 million, respectively, and the Company-paid contributions were \$29.4 million and \$37.6 million, respectively.

Defined Benefit Plan and Other Postretirement Benefit Plans

The Company maintains and administers a defined benefit retirement plan and a postretirement medical plan for current, retired, and resigned officers.

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The Company established a non-qualified defined benefit plan for all Officers in May 1995 (the "Retired Officers' Bonus Plan"), which pays a lump-sum amount of \$10,000 per year of service as an Officer, provided the Officer meets retirement vesting requirements. The Company also provides a fixed annual allowance after retirement to cover financial counseling and other expenses. The Retired Officers' Bonus Plan is not salary related, but rather is based primarily on years of service.

In addition, the Company provides postretirement healthcare benefits to former or active Officers under a medical indemnity insurance plan, with premiums paid by the Company. This plan is referred to as the Officer Medical Plan.

The Company recognizes an asset or liability for a defined benefit plan's overfunded or underfunded status, measures a defined benefit plan's assets and its obligations that determine its funded status as of the end of the employer's fiscal year, and recognizes as a component of other comprehensive income the changes in a defined benefit plan's funded status that are not recognized as components of net periodic benefit cost.

The components of net postretirement medical expense for the Officer Medical Plan were as follows (in thousands):

	Predecessor		The Company			
	Fiscal Year Ended March 31, 2008	Four Months Ended July 31, 2008	Eight Months Ended March 31, 2009	Fiscal Year Ended March 31, 2010	Three Months Ended June 30, 2009	Three Months Ended June 30, 2010
Service cost	\$1,894	\$ 755	\$2,325	\$2,682	(Unaudited) \$ 670	(Unaudited) \$ 841
Interest cost	1,568	666	1,395	2,269	567	642
Total postretirement medical expense	<u>\$3,462</u>	<u>\$1,421</u>	<u>\$3,720</u>	<u>\$4,951</u>	<u>\$1,237</u>	<u>\$1,483</u>

The weighted-average assumptions used to determine the year-end benefit obligations are as follows:

	Predecessor			
	Officer Medical Plan		Retired Officers' Bonus Plan	
	Fiscal Year Ending March 31, 2008	Four Months Ending July 31, 2008	Fiscal Year Ending March 31, 2008	Four Months Ending July 31, 2008
Discount rate	6.25%	6.50%	6.25%	6.50%
Rate of increase in future compensation	N/A	N/A	N/A	N/A

	The Company			
	Officer Medical Plan		Retired Officers' Bonus Plan	
	2009	2010	2009	2010
Discount rate	6.50%	5.75%	6.50%	5.75%
Rate of increase in future compensation	N/A	N/A	N/A	N/A

Assumed healthcare cost trend rates for the Officer Medical Plan at March 31, 2008, 2009, and 2010, are as follows:

<u>Pre-65 initial rate</u>	2008	2009	2010
Healthcare cost trend rate assumed for next year	11.0%	7.5%	8.0%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	5.0%	5.0%	5.0%
Year that the rate reaches the ultimate trend rate	2013	2015	2017

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Assumed healthcare cost trend rates have a significant effect on the amounts reported for the healthcare plans. A one-percentage-point change in assumed healthcare cost trend rates calculated as of March 31, 2010 would have the following effects (in thousands):

	1% Increase	1% Decrease
Effect on total of service and interest cost	\$ 828	\$ (676)
Effect on postretirement benefit obligation	\$6,357	\$(5,271)

Total pension expense, consisting of service and interest, associated with the Retired Officers' Bonus Plan was \$900,000, \$300,000, \$800,000, and \$800,000 for fiscal 2008, four months ended July 31, 2008, eight months ended March 31, 2009, and fiscal 2010, respectively. Benefits paid associated with the Retired Officers' Bonus Plan were \$400,000, \$400,000, \$600,000, and \$300,000 for fiscal 2008, four months ended July 31, 2008, eight months ended March 31, 2009, and fiscal 2010, respectively. The end-of-period benefit obligation of \$4.2 million and \$5.0 million as of March 31, 2009 and 2010, respectively, is included in postretirement obligation in the accompanying consolidated balance sheets.

Accumulated other comprehensive income as of March 31, 2009, includes unrecognized net actuarial gain of \$1.1 million, net of taxes, and net actuarial loss of \$400,000, net of taxes, that have not yet been recognized in net periodic pension cost for the Retired Officers' Bonus Plan and the Officer Medical Plan, respectively. Accumulated other comprehensive income as of March 31, 2010, includes unrecognized net actuarial loss of \$3.8 million, net of taxes, that have not yet been recognized in net periodic pension cost for the Retired Officers' Bonus Plan and the Officer Medical Plan. A primary driver for the net actuarial loss of \$3.8 million in fiscal 2010 was the change in the actuarial discount rate from 6.50% to 5.75%.

The changes in the benefit obligation, plan assets and funded status of the Officer Medical Plan were as follows (in thousands):

	Predecessor		The Company	
	Fiscal Year Ended March 31, 2008	Four Months Ended July 31, 2008	Eight Months Ended March 31, 2009	Fiscal Year Ended March 31, 2010
Benefit obligation, beginning of the year	\$26,624	\$32,605	\$32,157	\$35,577
Service cost	1,894	755	2,325	2,682
Interest cost	1,569	666	1,395	2,270
Actuarial (gain) loss	3,609	(1,518)	797	6,673
Benefits paid	(1,091)	(351)	(1,097)	(1,747)
Benefit obligation, end of the year	<u>\$32,605</u>	<u>\$32,157</u>	<u>\$35,577</u>	<u>\$45,455</u>
Changes in plan assets				
Fair value of plan assets, beginning of the year	\$ —	\$ —	\$ —	\$ —
Actual return on plan assets	—	—	—	—
Employer contributions	1,091	351	1,097	1,747
Benefits paid	(1,091)	(351)	(1,097)	(1,747)
Fair value of plan assets, end of the year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

As of March 31, 2009 and 2010, the unfunded status of the Officer Medical Plan was \$35.6 million and \$45.5 million, respectively. As of June 30, 2010, the unfunded status of the Officer Medical Plan was \$46.6 million. There were no employer contributions or benefits paid during the three months ended June 30, 2010.

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The postretirement benefit liability for the Officer Medical Plan is included in postretirement obligation in the accompanying consolidated balance sheets.

Funded Status for Defined Benefit Plans

Generally, annual contributions are made at such times and in amounts as required by law and may, from time to time, exceed minimum funding requirements. The Retired Officers' Bonus Plan is an unfunded plan and contributions are made as benefits are paid, for all periods presented. As of March 31, 2009 and 2010, there were no plan assets for the Retired Officers' Bonus Plan and therefore, the accumulated liability of \$4.2 million and \$5.0 million, respectively, is unfunded. The liability will be distributed in a lump-sum payment as each Officer retires.

The expected future medical benefits to be paid are as follows (in thousands):

For the Fiscal Year Ending March 31,	Officer Medical Plan Benefits
2012	\$ 1,641
2013	1,870
2014	2,143
2015	2,398
2016	2,758
2017-2021	19,623

The Company's Officer Medical Plan provides prescription drug benefits to its plan participants. Under the Medicare Prescription Drug, Improvement and Modernization Act of 2003, the U.S. government makes subsidy payments to eligible employers to offset a portion of the cost incurred for prescription drug benefits provided to the employer's Medicare-eligible retired plan participants. The Company's expected future subsidy receipts are not material.

15. OTHER LONG-TERM LIABILITIES

Other long-term liabilities consist of the following (in thousands):

	March 31,	
	2009	2010
Deferred rent	\$4,790	\$10,255
Deferred compensation	4,770	11,289
Stock-based compensation	—	27,432
Other	87	292
Total other long-term liabilities	\$9,647	\$49,268

Deferred rent liabilities result from recording rent expense on a straight-line basis over the life of the respective lease and recording incentives for tenant improvements. The increase of \$5.5 million as of March 31, 2010 as compared to March 31, 2009 was primarily for accrual of deferred rent on existing leases.

In fiscal 2010, the Company recorded a stock-based compensation liability of \$34.4 million, including \$7.0 million expected to be paid within one year, related to the reduction in stock option exercise price associated with the December 2009 dividend. Options vested and not yet exercised that would have had an exercise price below zero as a result of the dividend were reduced to one cent, with the remaining reduction to be paid in cash upon exercise of the options. Refer to Note 17 for further discussion of the December 2009 dividend.

The Company maintains a deferred compensation plan, the EPP, established in January 2009, for the benefit of certain employees. The EPP allows eligible participants to defer all or a portion of their annual

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performance bonus, reduced by amounts withheld for the payment of taxes or other deductions required by law. The Company makes no contributions to the EPP, but maintains participant accounts for deferred amounts and interest earned. The amounts deferred into the EPP will earn interest at a rate of return indexed to the results of the Company's growth as defined by the EPP. In each subsequent year, interest will be compounded on the total deferred balance. Employees must leave the money in the EPP until 2014. The deferred balance generally will be paid within 180 days of the final determination of the interest to be accrued for 2014, upon retirement, or termination. As of March 31, 2009 and 2010, the Company's liability associated with the EPP was \$4.8 million and \$11.3 million, respectively. Accrued amounts related to the EPP are included in other long-term liabilities on the accompanying consolidated balance sheets.

16. STOCKHOLDERS' EQUITY

Common Stock

As of March 31, 2009, March 31, 2010, and June 30, 2010, the Company has 16,000,000 shares of authorized Class A Common Stock, par value \$0.01 per share, 16,000,000 shares of authorized Class B Non-Voting Common Stock, par value \$0.01, 600,000 shares of authorized Class C Restricted Common Stock, par value \$0.01, 600,000 shares of authorized Class D Merger Rolling Common Stock, par value \$0.01, 2,500,000 shares of authorized Class E Special Voting Common Stock, par value \$0.03, and 600,000 shares of authorized Class F Non-Voting Restricted Common Stock, par value \$0.01 per share. The total number of shares of capital common stock the Company has the authority to issue is 36,300,000.

The Common Stock shares outstanding are as follows:

	March 31,		June 30
	2009	2010	2010
Class A Common Stock	10,131,687	10,292,290	10,266,161
Class B Non-Voting Common Stock	235,020	235,020	305,313
Class C Restricted Common Stock	202,827	202,827	202,827
Class E Special Voting Common Stock	1,480,288	1,334,588	1,404,881
Total shares outstanding	<u>12,049,822</u>	<u>12,064,725</u>	<u>12,179,182</u>

Holders of Class A Common Stock, Class C Restricted Common Stock, Class D Merger Rolling Common Stock, and Class E Special Voting Common Stock are entitled to one vote for each share as a holder. The holders of the Voting Common Stock shall vote together as a single class. The holders of Class B Non-Voting Common Stock and Class F Non-Voting Restricted Common Stock have no voting rights. During the three months ended June 30, 2010, 70,293 shares of Class A Common Stock held by an officer were exchanged for the equivalent number of shares of Class B Non-Voting Common Stock, and 70,293 shares of Class E Special Voting Common Stock were issued to a family trust of the same officer for an aggregate consideration of \$2,109.

Class C Restricted Common Stock is restricted in that a holder's shares vest as set forth in the Officers' Rollover Stock Plan. Refer to Note 17 for further discussion of the Officers' Rollover Stock Plan.

Class E Special Voting Common Stock represents the voting rights that accompany the New Options program. The New Options program has a fixed vesting and exercise schedule to comply with IRS section 409(a). Upon exercise, the option will convert to Class A Common Stock, and the corresponding Class E Special Voting Common Stock will be repurchased by the Company and retired. Refer to Note 17 for further discussion of the New Options program.

Each share of Common Stock, except for Class E Special Voting Common Stock, is entitled to participate equally, when and if declared by the Board of Directors from time to time, such dividends and other distributions in cash, stock, or property from the Company's assets or funds become legally available for such

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purposes subject to any dividend preferences that may be attributable to preferred stock that may be authorized.

In May 2009, 1,907 shares of Class A Common Stock, with certain restrictions, were granted to certain unaffiliated Board members. These shares were restricted based on the unaffiliated Board members' continued service to the Company, and vested in equal installments on May 7, 2009, September 30, 2009, and March 31, 2010. As of March 31, 2010, these shares were fully vested. Such shares and related equity balances are included in the Company's Class A Common Stock. In April 2010, 1,173 shares of Class A Common Stock, with certain restrictions, were granted to certain unaffiliated Board members. These shares were restricted based on the unaffiliated Board members' continued service to the Company and will vest in equal installments on September 30, 2010, and March 31, 2011. As of June 30, 2010, these shares have not vested. Such shares and related equity balances are included in the Company's Class A Common Stock. Refer to Note 17 for further discussion of Class A Restricted Common Stock.

Preferred Stock

The Company is authorized to issue 600,000 shares of Preferred Stock, \$0.01 par value per share, the terms and conditions of which are determined by the Board of Directors upon issuance. The rights, preferences and privileges of holders of common stock are subject to, and may be adversely affected by, the rights of holders of any shares of preferred stock that the Company may designate and issue in the future. At March 31, 2009 and March 31, 2010, there were no shares of preferred stock outstanding.

Predecessor Redeemable Common Stock

Prior to the Merger Transaction, the Predecessor's authorized capital stock as of March 31 and July 31, 2008, consisted of 5,000 shares of Common Stock, 5,000 shares of Class A Non-Voting Common Stock, 4,000 shares of Class B Common Stock, and 1,000 shares of Class B Non-Voting Common Stock. Each share of Common Stock and each share of the Class B Common Stock was entitled to one vote. Pursuant to the terms of the Predecessor's stock rights plan, shares of Common Stock and shares of Class A Non-Voting Common Stock were redeemable at the book value per share at the option of the holder.

17. STOCK-BASED COMPENSATION

Officers' Rollover Stock Plan

The Officers' Rollover Stock Plan (the "Rollover Plan") was adopted as a mechanism to enable the exchange by the Officers of the Company's U.S. government consulting business who were required to exchange (and those commercial officers who elected to exchange subject to an aggregate limit) a portion of their previous equity interests in the Predecessor for equity interests in the Company. Among the equity interests that were eligible for exchange were common stock and stock rights, both vested and unvested.

The stock rights that were unvested, but would have vested in 2008, were exchanged for 202,827 shares of new Class C Restricted Common Stock ("Class C Restricted Stock") issued by the Company at an estimated fair value of \$100 at August 1, 2008. The aggregate grant date fair value of the Class C Restricted Stock issued of \$20.3 million is being recorded as expense over the vesting period. Total compensation expense recorded in conjunction with this Class C Restricted Stock for the eight months ended March 31, 2009, and fiscal 2010, was \$7.9 million and \$7.1 million, respectively. Total compensation expense recorded in conjunction with this Class C Restricted Stock for the three months ended June 30, 2009, and 2010, was \$2.7 million and \$1.3 million, respectively. As of March 31, 2010 and June 30, 2010, unrecognized compensation cost related to the non-vested Class C Restricted Stock was \$5.3 million and \$4.0 million, respectively, and is expected to be recognized over 3.25 and 3.00 years, respectively. As of March 31, 2010 and June 30, 2010, 49,449 and 98,898 shares of Class C Restricted Stock had vested, respectively. At March 31, 2009, March 31, 2010, and June 30, 2010, 397,173 shares of Class C Restricted Stock were

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authorized but unissued under the Plan. Notwithstanding the foregoing, Class C Restricted Stock was intended to be issued only in connection with the exchange process described above.

In addition to the conversion of the stock rights that would have vested in 2008 to Class C Restricted Stock, new options ("New Options") were issued in exchange for old stock rights held by the Predecessor's U.S. government consulting partners that were issued under the stock rights plan that existed for the Predecessor's Officers prior to the closing of the Merger Transaction. The New Options were granted based on the retirement eligibility of the Officer. For the purposes of the New Options, there are two categories of Officers — retirement eligible and non-retirement eligible. New Options granted to retirement eligible Officers vest in equal annual installments on June 30, 2009, 2010, and 2011.

The following table summarizes the exercise schedule for Officers who were deemed retirement eligible. Exercise schedules are based on original vesting dates applicable to the stock rights surrendered:

	Percentage of New Options to be Exercised As of June 30,					
	2009	2010	2011	2012	2013	2014
Retirement Eligible						
Original vesting date of June 30, 2009	60%	20%	20%	—	—	—
Original vesting date of June 30, 2010	—	50%	20%	20%	10%	—
Original vesting date of June 30, 2011	—	—	20%	20%	30%	30%

Those individuals who were considered retirement eligible also were given the opportunity to make a one-time election to be treated as non-retirement eligible. The determination of retirement eligibility was made as of a fixed period of time and cannot be changed at a future date.

New Options granted to Officers who were categorized as non-retirement eligible will vest 50% on June 30, 2011, and 25% on June 30, 2012 and 2013.

The following table summarizes the exercise schedule for Officers who were deemed non-retirement eligible. Exercise schedules are based on original vesting dates applicable to the stock rights surrendered:

	Percentage of New Options to be Exercised As of June 30,				
	2011	2012	2013	2014	2015
Non-Retirement Eligible					
Original vesting date of June 30, 2011	20%	20%	20%	20%	20%
Original vesting date of June 30, 2012	—	25%	25%	25%	25%
Original vesting date of June 30, 2013	—	—	33%	33%	34%

If a holder's employment with the Company were to terminate without cause, by reason of disability, or Company approved termination, these shares will continue to vest as if the holder continued to be employed as a retirement eligible or non-retirement eligible employee, as the case may be. In the event that a holder's employment is terminated due to death, any unvested New Options shall immediately vest in full. In the event of a holder's termination of employment due to death, disability, or a Company approved termination, the Company may, in its sole discretion, convert all or a portion of unexercised New Options into the right to receive upon vesting and exercise, in lieu of Company Common Stock, a cash payment pursuant to a prescribed formula. The aggregate grant date fair value of the New Options issued of \$127.1 million is being recorded as compensation expense over the vesting period. Total compensation expense recorded in conjunction with the New Options for the eight months ended March 31, 2009 and fiscal 2010, was \$42.7 million and \$42.2 million, respectively. Total compensation expense recorded in conjunction with the New Options for the three months ended June 30, 2009 and 2010, was \$13.9 million and \$8.2 million, respectively. As of March 31, 2010 and June 30, 2010, unrecognized compensation cost related to the non-

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vested New Options was \$42.0 million and \$33.9 million, which is expected to be recognized over 3.25 and 3.00 years, respectively.

Equity Incentive Plan

The Equity Incentive Plan ("EIP") was created in connection with the transaction for employees, directors, and consultants of Holding and its subsidiaries. The Company created a pool of options (the "EIP Options") to draw upon for future grants that would be governed by the EIP. All options under the EIP are exercisable, upon vesting, for shares of common stock of Holding. The first grant of options under the EIP occurred on November 19, 2008, which was for the grant of 1,190,000 non-qualified EIP Options. The estimated fair value of the common stock at the time of the first option grant was \$100. A second grant of 142,000 non-qualified EIP Options occurred on May 7, 2009. The estimated fair value of the common stock at the time of the second option grant was \$118.06. Grants of 47,000 and 14,000 non-qualified EIP Options were issued on January 27, 2010, and February 15, 2010, respectively. The estimated fair value of the common stock at the time of the third and fourth option grants was \$114.93. A new grant of 170,000 non-qualified EIP options occurred on April 28, 2010.

Stock options are granted at the discretion of the Board of Directors or its Compensation Committee and expire ten years from the date of the grant. Options generally vest over a five-year period based upon required service and performance conditions. The Company calculates the pool of additional paid-in capital associated with excess tax benefits using the "simplified method."

The aggregate grant date fair value of the EIP Options issued during the eight months ended March 31, 2009, fiscal 2010, and the three months ended June 30, 2010 was \$51.5 million, \$10.6 million, and \$9.7 million, respectively, and is being recorded as expense over the vesting period. Total compensation expense recorded in conjunction with all options outstanding under the EIP for the eight months ended March 31, 2009, and fiscal 2010, was \$11.5 million and \$22.4 million, respectively. Total compensation expense recorded in conjunction with all options outstanding under the EIP for the three months ended June 30, 2009 and 2010, was \$8.1 million and \$6.1 million, respectively. Future compensation cost related to the non-vested stock options not yet recognized in the consolidated statements of operations was \$31.8 million, and is expected to be recognized over 5.00 years. As of March 31, 2010 and June 30, 2010, there were 763,360 and 593,360 options, respectively, available for future grant under the EIP.

Grants of Class A Restricted Common Stock

On May 7, 2009, the Compensation Committee of the Board of Directors granted Class A Common Stock with certain restrictions ("Class A Restricted Stock") to certain unaffiliated Board members for their continued service to the Company. A total of 1,907 shares of Class A Restricted Stock were issued on May 7, 2009. These shares will vest in equal installments on May 7, 2009, September 30, 2009, and March 31, 2010, and were issued with an aggregate grant date fair value of \$225,000. Total compensation expense recorded in conjunction with this grant of Class A Restricted Stock for fiscal 2010 was \$225,000. For fiscal 2010, 1,907 shares of Class A Restricted Stock vested. There were no additional shares authorized to be issued under the May 2009 Compensation Committee grant.

Predecessor Stock Plan

Prior to the Merger Transaction, the Predecessor's Officer Stock Rights Plan enabled officers to purchase shares of Class A Common Stock. The Board of Directors had sole discretion to establish the book value applicable to shares of common stock to be purchased by officers upon the exercise of their stock rights. Rights were granted in connection with the Class B Common Stock to purchase shares of Class A Common Stock, and vested one-tenth each year based on nine years of continuous service, with the first tenth vesting immediately. The exercise price for the first tenth was equal to the book value of the Predecessor's Class A Common Stock on the grant date, and for the remaining rights the exercise price was equal to 50% of the

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book value on the grant date. Rights not exercised upon vesting were forfeited. Rights also accelerated upon retirement, in which case the exercise price was equal to 100% of the grant date book value.

Effective July 30, 2008, the Predecessor modified the Officers' Stock Rights Plan to provide for accelerated vesting of stock rights in anticipation of a change in control of the Predecessor. All unvested stock rights were accelerated and vested with the exception of rights that would be exchanged for equity instruments in Holding after the Merger Transaction. Any stock rights that were due to vest in June 2008 were exercised at a price of 50% of the grant date book value and converted to Class A Common Stock on July 30, 2008. The remaining stock rights that were accelerated and vested were subsequently exercised at 100% of the grant date book value and converted to Class A Common Stock on July 30, 2008.

The Predecessor accounted for the rights granted under the Officers' Stock Rights Plan as liability awards, which are marked to intrinsic value for the life of the award, using an accelerated method, through stock compensation expense.

Stock compensation expense of \$193.5 million related to the acceleration of stock rights, and \$318.2 million related to the mark-up of redeemable common shares, was recorded during the four months ended July 31, 2008.

Methodology

The Company uses the Black-Scholes option-pricing model to determine the estimated fair value for stock-based awards. The fair value of the Company stock on the date of the New Option grant was determined based on the fair value of the Merger Transaction involving Booz Allen Hamilton, Inc. and the Company that occurred on July 31, 2008. For all subsequent grants of options, the fair value of the Company's stock was determined by an independent valuation specialist.

As the Company has no plans to issue regular dividends, a dividend yield of zero was used in the Black-Scholes model. Expected volatility was calculated as of each grant date based on reported data for a peer group of publicly traded companies for which historical information was available. The Company will continue to use peer group volatility information until historical volatility of the Company can be regularly measured against an open market to measure expected volatility for future option grants. The risk-free interest rate is determined by reference to the U.S. Treasury yield curve rates with the remaining term equal to the expected life assumed at the date of grant. Due to the lack of historical exercise data, the average expected life was estimated based on internal qualitative and quantitative factors. Forfeitures were estimated based on the Company's historical analysis of Officer attrition levels.

The weighted average assumptions used in the Black-Scholes option-pricing model for stock option awards were as follows:

	The Company		
	Rollover Stock Plan New Options (Retirement)	Eight Months Ended March 31, 2009	
		Rollover Stock Plan New Options (Non-Retirement)	Equity Incentive Plan
Dividend yield	0.0%	0.0%	0.0%
Expected volatility	33.6%	36.0%	40.0%
Risk-free interest rate	2.76%	3.26%	2.50%
Expected life (in years)	2.98	5.29	7.02

BOOZ ALLEN HAMILTON HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Fiscal Year Ended March 31, 2010		
	Rollover Stock Plan New Options (Retirement)	Rollover Stock Plan New Options (Non-Retirement)	Equity Incentive Plan
Dividend yield	0.0%	0.0%	0.0%
Expected volatility	33.6%	36.0%	40.0%
Risk-free interest rate	2.76%	3.26%	2.56%
Expected life (in years)	2.98	5.29	7.03

	Three Months Ended June 30, 2010		
	Rollover Stock Plan New Options (Retirement)	Rollover Stock Plan New Options (Non-Retirement)	Equity Incentive Plan
Dividend yield	0.0%	0.0%	0.0%
Expected volatility	33.6%	36.0%	40.1%
Risk-free interest rate	2.76%	3.26%	2.61%
Expected life (in years)	2.98	5.29	7.02

The weighted-average grant-date fair values of retirement eligible New Options, non-retirement eligible New Options and EIP Options were \$85.36, \$86.30, and \$48.32, respectively.

December 2009 Dividend and July 2009 Dividend

On December 7, 2009, the Company's Board of Directors approved a dividend of \$46.42 per share paid to holders of record as of December 8, 2009 of Class A Common Stock, Class B Non-Voting Common Stock, and Class C Restricted Common Stock. This dividend totaled \$497.5 million. As required by the Rollover Plan and the EIP, and in accordance with applicable tax laws and regulatory guidance, the exercise price per share of each outstanding New Option and EIP Option was reduced in an amount equal to the value of the dividend. The Company evaluated the reduction of the exercise price associated with the dividend issuance. Both the Rollover and EIP plans contained mandatory antidilution provisions requiring modification of the options in the event of an equity restructuring, such as the dividends declared in July and December 2009. In addition, the structure of the modifications, as a reduction in the exercise price of options, did not result in an increase to the fair value of the awards. As a result of these factors, the Company did not record incremental compensation expense associated with the modifications of the options as a result of the July and December 2009 dividends. Options vested and not yet exercised that would have had an exercise price below zero as a result of the dividend were reduced to one cent. The difference between one cent and the reduced value for shares vested and not yet exercised of approximately \$54.4 million will be paid in cash upon exercise of the options subject to the continued vesting of the options. As of March 31, 2010 and June 30, 2010, the Company reported \$27.4 million and \$22.3 million, respectively, in other long-term liabilities and \$7.0 million and \$16.0 million, respectively, in accrued compensation and benefits in the consolidated balance sheets based on the proportion of the potential payment of \$54.4 million which is represented by vested options for which stock based compensation expense has been recorded.

On July 27, 2009, the Company's Board of Directors approved a dividend of \$10.87 per share paid to holders of record as of July 29, 2009 of the Company's Class A Common Stock, Class B Non-Voting Common Stock, and Class C Restricted Common Stock. This dividend totaled \$114.9 million. In accordance with the Officers' Rollover Stock Plan, the exercise price per share of each outstanding option, including New Options and EIP options, was reduced in compliance with applicable tax laws and regulatory guidance. Additionally, the Company evaluated the reduction of the exercise price associated with the dividend issuance. As a result, the Company did not record any additional incremental compensation expense associated with the dividend and corresponding decrease in the exercise and fair value of all outstanding options.

BOOZ ALLEN HAMILTON HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes stock-based compensation for stock options (in thousands):

	Predecessor		The Company			
	Fiscal Year Ended March 31, 2008	Four Months Ended July 31, 2008	Eight Months Ended March 31, 2009	Fiscal Year Ended March 31, 2010	Three Months Ended June 30, 2009	Three Months Ended June 30, 2010
Included in cost of revenue:						
Compensation and other costs	\$35,013	\$ —	\$20,479	\$23,652	\$ 8,263	\$ 4,527
Total included in cost of revenue	35,013	—	20,479	23,652	8,263	4,527
Included in general and administrative expenses:						
Compensation and other costs	—	511,653	41,580	48,245	16,549	11,133
Total included in general and administrative expenses	—	511,653	41,580	48,245	16,549	11,133
Total	<u>\$35,013</u>	<u>\$511,653</u>	<u>\$62,059</u>	<u>\$71,897</u>	<u>\$24,812</u>	<u>\$15,660</u>

BOOZ ALLEN HAMILTON HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes stock option activity for the periods presented:

	<u>Number of Options</u>	<u>Weighted Average Exercise Price</u>
Officers' Rollover Stock Plan New Options		
Retirement Eligible:		
Granted at August 1, 2008	728,542	\$ 16.23
Forfeited	—	—
Expired	—	—
Exercised	—	—
Options outstanding at March 31, 2009	<u>728,542</u>	<u>\$ 0.01*</u>
Granted	—	—
Forfeited	—	—
Expired	—	—
Exercised	<u>145,708</u>	<u>0.01*</u>
Options outstanding at March 31, 2010	582,834	—
Granted	—	—
Forfeited	—	—
Expired	—	—
Exercised	—	0.01*
Options outstanding at June 30, 2010	<u>582,834</u>	—
Non-Retirement Eligible:		
Granted at August 1, 2008	751,750	\$ 16.79
Forfeited	—	—
Expired	—	—
Exercised	—	—
Options outstanding at March 31, 2009	<u>751,750</u>	<u>0.01*</u>
Granted	—	—
Forfeited	—	—
Expired	—	—
Exercised	—	—
Options outstanding at March 31, 2010	751,750	—
Granted	—	—
Forfeited	—	—
Expired	—	—
Exercised	—	—
Options outstanding at June 30, 2010	<u>751,750</u>	—

BOOZ ALLEN HAMILTON HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	<u>Number of Options</u>	<u>Weighted Average Exercise Price</u>
Equity Incentive Plan Options		
Granted at November 19, 2008	1,190,000	\$ 100.00
Forfeited	—	—
Expired	—	—
Exercised	—	—
Options outstanding at March 31, 2009	<u>1,190,000</u>	<u>\$ 42.71*</u>
Granted	203,000	77.04*
Forfeited	73,507	43.82
Expired	—	—
Exercised	12,996	42.71*
Options outstanding at March 31, 2010	<u>1,306,497</u>	
Granted	170,000	128.03
Forfeited	—	—
Expired	—	—
Exercised	35,181	42.71
Options outstanding at June 30, 2010	<u><u>1,441,316</u></u>	

* Reflects adjustment for \$10.87 dividend issued July 27, 2009, and \$46.42 dividend issued December 11, 2009.

BOOZ ALLEN HAMILTON HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes unvested stock options for the periods presented:

	Number of Options	Weighted Average Fair Value	Aggregate Intrinsic Value on Grant Date (In thousands)
Officers' Stock Rights Plan — Predecessor			
Unvested at March 31, 2008	903	\$ 125.42	\$ 56,627
Granted	—	—	—
Vested	679	126.11	42,814
Forfeited	—	—	—
Unvested at July 31, 2008	<u>224**</u>		
Officers' Rollover Stock Plan New Options			
Retirement Eligible:			
Granted at August 1, 2008	728,542	\$ 100.00	\$ 61,032
Vested	—	—	—
Forfeited	—	—	—
Unvested at March 31, 2009	728,542		
Granted	—	—	—
Vested	242,847	42.71*	10,370*
Forfeited	—	—	—
Unvested at March 31, 2010	485,695		
Granted	—	—	—
Vested	242,847	42.71	10,370
Forfeited	—	—	—
Unvested at June 30, 2010	<u>242,848</u>		
Non-Retirement Eligible:			
Granted at August 1, 2008	751,750	\$ 100.00	\$ 62,553
Vested	—	—	—
Forfeited	—	—	—
Unvested at March 31, 2009	751,750		
Granted	—	—	—
Vested	—	—	—
Forfeited	—	—	—
Unvested at March 31, 2010	751,750		
Granted	—	—	—
Vested	—	—	—
Forfeited	—	—	—
Unvested at June 30, 2010	<u>751,750</u>		

BOOZ ALLEN HAMILTON HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Number of Options	Weighted Average Fair Value	Aggregate Intrinsic Value on Grant Date (In thousands)
Equity Incentive Plan Options			
Unvested at August 1, 2008	1,190,000	\$ 100.00	\$ —
Granted	—	—	—
Vested	—	—	—
Forfeited	—	—	—
Unvested at March 31, 2009	1,190,000		
Granted	203,000	\$ 77.04*	\$ —
Vested	236,889	42.71*	—
Forfeited	73,507	43.82	—
Unvested at March 31, 2010	1,082,604		
Granted	170,000	\$ 128.03	\$ —
Vested	264,217	45.35	—
Forfeited	—	—	—
Unvested at June 30, 2010	988,387		

* Reflects adjustment for \$10.87 dividend issued July 27, 2009, and \$46.42 dividend issued December 11, 2009.

** 224 outstanding rights remaining as of July 31, 2008, were exchanged as a part of the Merger Transaction.

The following table summarizes stock options outstanding at March 31, 2010:

Range of Exercise Prices	Number of Options (In thousands)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (In years)	Options Exercisable (In thousands)
Officers' Rollover Stock Plan				
\$0.01	1,335	\$ 0.01*	2.56	97
Equity Incentive Plan				
\$40.00 — \$115.0	1,307	\$47.98*	8.72	134

* Reflects adjustment for \$10.87 dividend issued July 27, 2009, and \$46.42 dividend issued December 11, 2009.

The following table summarizes stock options outstanding at June 30, 2010:

Range of Exercise Prices	Number of Options (In thousands)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (In years)	Options Exercisable (In thousands)
Officers' Rollover Stock Plan				
\$0.01	1,335	\$ 0.01	2.34	340
Equity Incentive Plan				
\$40.00 — \$115.00	1,441	\$ 57.55	8.62	453

The stock-based compensation expense recorded in fiscal 2010 and the three months ended June 30, 2010 related to stock options was accounted for as equity awards.

BOOZ ALLEN HAMILTON HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

18. FAIR VALUE MEASUREMENTS

The fair value hierarchy established in the accounting standard prioritizes the inputs used in valuation techniques into three levels as follows:

Level 1: Observable inputs — quoted prices in active markets for identical assets and liabilities;

Level 2: Observable inputs other than quoted prices in active markets for identical assets and liabilities — includes quoted prices for similar instruments, quoted prices for identical or similar instruments in inactive markets, and amounts derived from value models where all significant inputs are observable in active markets; and

Level 3: Unobservable inputs — includes amounts derived from valuation models where one or more significant inputs are unobservable and require the Company to develop relevant assumptions.

The Company is required to disclose the fair value of all financial assets subject to fair value measurement and the nature of the valuation techniques, including their classification within the fair value hierarchy, utilized by the Company in performing these measurements. The only financial assets subject to fair value measurements held by the Company at March 31, 2010 were the Company's cash and cash equivalents. These assets are considered to be Level 1 assets.

19. RELATED-PARTY TRANSACTIONS

As discussed in Note 4, Investor acquired all of the issued and outstanding stock of the Company. From time to time, and in the ordinary course of business: (1) other Carlyle portfolio companies engage the Company as a subcontractor or service provider, and (2) the Company engages other Carlyle portfolio companies as subcontractors or service providers. Revenue and cost associated with these related party transactions for the eight months ended March 31, 2009, were immaterial. Revenue and cost associated with these related party transactions for fiscal 2010, were \$15.1 million and \$13.5 million, respectively. Revenue and cost associated with these related party transactions for the three months ended June 30, 2009, were \$3.6 million and \$3.2 million, respectively. Revenue and cost associated with these related party transactions for the three months ended June 30, 2010, were \$3.1 million and \$2.6 million, respectively.

On July 31, 2008, the Company entered into a management agreement (the "Management Agreement") with, TC Group V US, L.L.C. ("TC Group"), a company affiliated with Carlyle. In accordance with the Management Agreement, TC Group provides the Company with advisory, consulting and other services and the Company pays TC Group an aggregate annual fee of \$1.0 million plus expenses. In addition, the Company made a one-time payment to TC Group of \$20.0 million for investment banking, financial advisory and other services provided to the Company in connection with the Acquisition. For the eight months ended March 31, 2009 and fiscal 2010, the Company incurred \$700,000 and \$1.0 million, respectively, in advisory fees. For both the three months ended June 30, 2009 and 2010, the Company incurred \$250,000 in advisory fees.

Pursuant to the spin-off described in Note 4, effective July 31, 2008, the Company entered into a transition services agreement ("TSA") and a collaboration agreement ("CA") with Booz & Company Inc. ("Booz & Co."). The TSA required the Company and Booz & Co. to provide to each other certain support services for up to 15 months following July 31, 2008. Revenue and expenses were recognized as incurred.

The CA requires the Company and Booz & Co. to provide to each other the services of personnel that were either staffed on existing contracts as of July 31, 2008, or contemplated to be staffed in proposals submitted prior to but accepted after such date. The CA will remain in effect until the termination or expiration of the applicable contracts. Revenue and expenses are recognized as incurred.

BOOZ ALLEN HAMILTON HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Included in the financial position and results of operations are the following (in thousands):

	<u>Transition Services Agreement</u>	<u>Collaboration Agreement</u>
As of March 31, 2009:		
Accounts receivable	\$ 2,918	\$ 725
Accounts payable	\$ 1,806	\$ 93
As of March 31, 2010:		
Accounts receivable	\$ 303	\$ 73
Accounts payable	\$ 1,318	\$ —
As of June 30, 2010:		
Accounts receivable	\$ 458	\$ 17
Accounts payable	\$ 1,256	\$ —
For the eight months ended March 31, 2009:		
Revenue	\$12,608	\$15,044
Expenses	\$15,772	\$12,013
For the fiscal year ended March 31, 2010:		
Revenue	\$ 3,226	\$ 486
Expenses	\$ 2,096	\$ 793
For the three months ended June 30, 2009:		
Revenue	\$ 1,491	\$ 401
Expenses	\$ 1,136	\$ 537
For the three months ended June 30, 2010:		
Revenue	\$ 150	\$ 50
Expenses	\$ 252	\$ 31

There were no related-party transactions during fiscal 2008 and four months ended July 31, 2008.

20. COMMITMENTS AND CONTINGENCIES

Leases

The Company leases office space under noncancelable operating leases that expire at various dates through 2016. The terms for the facility leases generally provide for rental payments on a graduated scale, which are recognized on a straight-line basis over the terms of the leases, including reasonably assured renewal periods, from the time the Company controls the leased property. Lease incentives are recorded as a deferred credit and recognized as a reduction to rent expense on a straight-line basis over the lease term. Rent expense was approximately \$84.6 million, net of \$4.9 million of sublease income, \$30.2 million, net of \$2.0 million of sublease income, \$68.6 million, net of \$10.6 million of sublease income and \$109.5 million, net of \$7.1 million of sublease for fiscal 2008, four months ended July 31, 2008, eight months ended March 31, 2009, and fiscal 2010, respectively. Rent expense was approximately \$23.2 million, net of \$1.9 million of sublease income, and \$26.8 million, net of \$1.2 million of sublease income for the three months ended June 30, 2009 and 2010, respectively.

BOOZ ALLEN HAMILTON HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Future minimum operating lease payments for noncancelable operating leases and future minimum noncancelable sublease rentals are summarized as follows (in thousands):

For the Fiscal Year Ending March 31,	Operating Lease Payments	Operating Sublease Income
2011	\$ 74,447	\$ 801
2012	59,001	320
2013	47,776	—
2014	39,642	—
2015	30,244	—
Thereafter	36,566	—
	<u>\$287,676</u>	<u>\$1,121</u>

Rent expense is included in occupancy costs, a component of general and administrative expenses, as shown on the consolidated statements of operations, and includes rent, sublease income from third parties, real estate taxes, utilities, parking, security, repairs and maintenance and storage costs.

As a result of the Merger Transaction, the Company assigned a total of eight leases to Booz & Co. The facilities are located in New York, New York; Troy, Michigan; Florham Park, New Jersey; Parsippany, New Jersey; Houston, Texas; Chicago, Illinois; Cleveland, Ohio; and Dallas, Texas. Except for the Cleveland and Dallas leases, which expired, the Company remains liable under the terms of the original leases should Booz & Co. default on its obligations. There were no events of default under these leases as of March 31, 2009, March 31, 2010, and June 30, 2010. The Company also remains liable as a parent guarantor of the London lease. The maximum potential amount of undiscounted future payments is \$68.9 million, and the leases expire at different dates between February 2012 and March 2017.

Government Contracting Matters

For fiscal 2008, four months ended July 31, 2008, eight months ended March 31, 2009, fiscal 2010, and three months ended June 30, 2009 and 2010, approximately 86%, 93%, 98%, 98%, 95% and 97%, respectively, of the Company's revenue was generated from contracts with U.S. government agencies or other U.S. government contractors. Contracts with the U.S. government are subject to extensive legal and regulatory requirements and, from time to time and in the ordinary course of business, agencies of the U.S. government investigate whether the Company's operations are conducted in accordance with these requirements and the terms of the relevant contracts. U.S. government investigations of the Company, whether related to the Company's U.S. government contracts or conducted for other reasons, could result in administrative, civil, or criminal liabilities, including repayments, fines, or penalties being imposed upon the Company, or could lead to suspension or debarment from future U.S. government contracting. Management believes it has adequately reserved for any losses that may be experienced from any investigation of which it is aware. The Defense Contract Management Agency Administrative Contracting Officer has negotiated annual final indirect cost rates through fiscal year 2005. Audits of subsequent years may result in cost reductions and/or penalties. Management believes it has adequately reserved for any losses that may be experienced from any such reductions and/or penalties. As of March 31, 2010, the Company has recorded a liability of approximately \$72.7 million for its current best estimate of net amounts to be refunded to customers for potential adjustments from such audits or reviews of contract costs incurred subsequent to fiscal year 2005.

Litigation

We are involved in legal proceedings and investigations arising in the ordinary course of business, including those relating to employment matters, relationships with clients and contractors, intellectual property disputes and other business matters. These legal proceedings seek various remedies, including monetary

BOOZ ALLEN HAMILTON HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

damages in varying amounts that currently range up to \$26.2 million or are unspecified as to amount. Although the outcome of any such matter is inherently uncertain and may be materially adverse, based on current information, our management does not expect any of the currently ongoing audits, reviews, investigations or litigation to have a material adverse effect on our financial condition and results of operations.

Six former officers and stockholders of the Predecessor who had departed the firm prior to the Acquisition have filed a total of nine suits, with original filing dates ranging from July 3, 2008 through December 15, 2009, three of which were amended on July 2, 2010, against the Company and certain of the Company's current and former directors and officers. Each of the suits arises out of the Acquisition and alleges that the former stockholders are entitled to certain payments that they would have received if they had held their stock at the time of the Acquisition. Some of the suits also allege that the acquisition price paid to stockholders was insufficient. The various suits assert claims for breach of contract, tortious interference with contract, breach of fiduciary duty, civil RICO violations, and/or securities and common law fraud. Two of these suits have been dismissed and another has been dismissed but the former stockholder has sought leave to re-plead. Five of the remaining suits are pending in the United States District Court for the Southern District of New York and the sixth is pending in the United States District Court for the Southern District of California. As of March 31, 2010, the aggregate alleged damages sought in the six remaining suits was approximately \$197.0 million (\$140.0 million of which is sought to be trebled pursuant to RICO), plus punitive damages, costs, and fees. The aggregate alleged damages increased to \$724.5 million (\$667.3 million of which is sought to be trebled pursuant to RICO), plus punitive damages, costs, and fees, based on the amended claims made on July 2, 2010. Although the outcome of any of these cases is inherently uncertain and may be materially adverse, based on current information, our management does not expect them to have a material adverse effect on our financial condition and results of operations.

Other Matters

At March 31, 2009 and 2010, the Company was contingently liable under open standby letters of credit and bank guarantees issued by the Company's banks in favor of third parties. These letters of credit and bank guarantees primarily relate to leases and support of insurance obligations that total \$1.4 million. These instruments reduce the Company's available borrowings under the revolving credit facility.

21. BUSINESS SEGMENT INFORMATION

We report operating results and financial data in one operating and reportable segment. We manage our business as a single profit center in order to promote collaboration, provide comprehensive functional service offerings across our entire client base, and provide incentives to employees based on the success of the organization as a whole. Although certain information regarding served markets and functional capabilities is discussed for purposes of promoting an understanding of our complex business, we manage our business and allocate resources at the consolidated level of a single operating segment.

BOOZ ALLEN HAMILTON HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

22. UNAUDITED QUARTERLY FINANCIAL DATA

	Predecessor		2009 Quarters		
	First	One Month Ended July 31, 2008	The Company		
			Two Months Ended September 30, 2008	Third	Fourth
	(In thousands, except per share amounts)				
Revenue	\$ 1,072,986	\$ 336,957	\$693,425	\$1,091,557	\$1,156,293
Operating (loss) income	(257,561)	(195,728)	15,744	17,576	(632)
(Loss) income before income taxes	(257,562)	(196,091)	(7,167)	(18,097)	(35,666)
Net (loss) income	(1,058,437)	(187,478)	(15,932)	(11,492)	(11,359)
Earnings (loss) per common share:					
Basic(1)	\$ (594.96)	\$ (87.48)	\$ (1.54)	\$ (1.11)	\$ (1.10)
Diluted(1)	\$ (594.96)	\$ (87.48)	\$ (1.54)	\$ (1.11)	\$ (1.10)

	2010 Quarters			
	First	Second	Third	Fourth
	(As adjusted, in thousands, except per share amounts)			
Revenue	\$1,229,459	\$1,279,257	\$1,261,353	\$1,352,564
Operating income (loss)	52,351	57,938	40,712	48,553
Income (loss) before income taxes	15,972	21,262	2,696	9,064
Net (loss) income(2)	8,425	10,810	1,294	4,890
Earnings (loss) per common share:				
Basic(1)(2)	\$ 0.80	\$ 1.02	\$ 0.12	\$ 0.46
Diluted(1)(2)	\$ 0.76	\$ 0.95	\$ 0.11	\$ 0.41

(1) Earnings per share are computed independently for each of the quarters presented and therefore may not sum to the total for the fiscal year.

(2) Amounts are shown "as adjusted" for certain adjustments to the allocation of the effective tax rate among the quarters.

23. SUPPLEMENTAL FINANCIAL INFORMATION

The following schedule summarizes valuation and qualifying accounts for the periods presented (in thousands):

	Predecessor		The Company	
	Fiscal Year Ended March 31, 2008	Four Months Ended July 31, 2008	Eight Months Ended March 31, 2009	Fiscal Year Ended March 31, 2010
Allowance for doubtful accounts				
Beginning balance	\$ 4,170	\$ 4,364	\$ 1,959	\$1,648
Provision for doubtful accounts	7,116	1,038	2,082	1,371
Charges against allowance	(6,922)	(3,443)	(2,393)	(892)
Ending balance	<u>\$ 4,364</u>	<u>\$ 1,959</u>	<u>\$ 1,648</u>	<u>\$2,127</u>

BOOZ ALLEN HAMILTON HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

24. DISCONTINUED OPERATIONS

As discussed in Note 4, the Predecessor spun off its global commercial business into a stand-alone entity referred to as Booz & Company, Inc. on July 31, 2008. Accordingly, the following amounts related to the global commercial business have been segregated from continuing operations and included in discontinued operations, net of tax, in the consolidated statement of operations for fiscal 2008 and four months ended July 31, 2008 (in thousands):

	March 31, 2008	July 31, 2008
Revenue	\$ 1,147,612	\$ 438,567
Operating expenses:		
Cost of services	926,957	300,652
General and administrative expenses	315,537	1,142,880
Operating loss:	(94,882)	(1,004,965)
Interest and other income	16,165	2,741
Interest expense	(1,894)	(855)
	14,271	1,886
Loss before income tax benefit	(80,611)	(1,003,079)
Income tax benefit	9,505	154,708
Loss from discontinued operations, net of tax	\$ (71,106)	\$ (848,371)

Stock-Based Compensation

As discussed in Note 17, the Predecessor's Officer Stock Rights Plan enabled officers of the Predecessor to purchase shares of stock. The global commercial business recorded stock-based compensation expense of \$427.3 million in general and administrative expense related to the acceleration of stock rights and shadow stock units, and \$541.8 million for the mark-up of redeemable common stock during the four months ended July 31, 2008. The value of the accelerated stock rights and the redeemable common stock was determined using the price per share paid in the Merger Transaction.

Defined Contribution Plans

As discussed in Note 14, the Company has a defined contribution plan. Total expense under ECAP related to the global commercial business was \$34.3 million and \$7.6 million for fiscal 2008 and four months ended July 31, 2008, respectively.

Defined Benefit Plan and Other Postretirement Benefit Plans

The Predecessor recognized total pension expense of \$4.6 million and \$500,000, and total postretirement expense of zero and \$1.8 million, for its U.S. employees as a component of loss from discontinued operations for fiscal 2008 and four months ended July 31, 2008, respectively.

The officers and professional staff of the Predecessor employed in Germany were covered by a defined benefit pension plan, (the "Non-U.S. Plan"). As stipulated in the Merger Agreement, the Company is not liable for the pension obligations associated with the German Pension Plan. The Predecessor recognized total pension expense for the Non-U.S. Plan as a component of loss from discontinued operations of \$29.7 million and \$8.9 million for fiscal 2008 and four months ended July 31, 2008, respectively.

These plans were transferred to Booz & Company as new plans as part of the Merger Transaction.

BOOZ ALLEN HAMILTON HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Lease Obligations

Rent expense related to the global commercial business, net of sublease income, was \$30.3 million and \$10.5 million for fiscal 2008 and four months ended July 31, 2008, respectively.

25. SUBSEQUENT EVENTS

No material subsequent events have occurred since March 31, 2010 that require recognition in the March 31, 2010 consolidated financial statements.

The Company filed its initial Form S-1 registration statement on June 21, 2010, and an amendment to its registration statement on July 30, 2010.

The Company paid down \$85.0 million of the Mezzanine Term Loan on August 2, 2010. Associated with that payment was a prepayment penalty of \$2.6 million, and the Company will recognize write-offs of certain deferred financing costs and original issue discount associated with that repaid debt.

The Defense Contract Audit Agency, or the DCAA, routinely audits the Company's government contracts and administrative systems and provides advice to the Defense Contract Management Agency, or the DCMA, concerning its audit findings. The DCMA considers the advice of the DCAA as the DCMA oversees the Company's government contracts and administrative systems. On August 5, 2010, the Company received from the DCMA a notice of intent to disallow certain subcontractor labor costs identified in the DCAA's report on audit of incurred costs for fiscal 2005 in the amount of approximately \$17 million. Management believes such costs were allowable and, as requested by the notice, the Company intends to provide a written response explaining its position. The Company has not recorded a provision for the notice of intent to disallow the costs in question in the accompanying consolidated financial statements as of June 30, 2010.

Through and including _____, 2010 (25 days after the date of this prospectus), all dealers that buy, sell or trade our Class A common stock, whether or not participating in this offering, may be required to deliver a prospectus. This delivery requirement is in addition to the obligation of dealers to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

Shares
Booz | Allen | Hamilton
Class A Common Stock

PROSPECTUS

Morgan Stanley

BofA Merrill Lynch

Barclays Capital

Credit Suisse

Stifel Nicolaus Weisel

BB&T Capital Markets

Lazard Capital Markets

Raymond James

, 2010

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution.

The following table sets forth the costs and expenses, other than the underwriting discount, payable by our company in connection with the sale of Class A common stock being registered. All amounts are estimates except the SEC registration fee and the FINRA filing fees.

SEC registration fee	\$ 21,390
FINRA filing fee	\$ 30,500
New York Stock Exchange listing fee	\$ 250,000
Printing and engraving expenses	\$ 600,000
Legal fees and expenses	\$ 4,200,000
Accounting fees and expenses	\$ 1,200,000
Blue Sky fees and expenses (including legal fees)	\$ 25,000
Transfer agent and registrar fees and expenses	\$ 5,000
Miscellaneous	\$ 50,000
Total	<u>\$ 6,381,890</u>

Item 14. Indemnification of Directors and Officers.

Delaware General Corporation Law. Section 145(a) of the Delaware General Corporation Law provides that a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that the person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with such action, suit or proceeding if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe the person's conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which the person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that the person's conduct was unlawful.

Section 145(b) of the Delaware General Corporation Law states that a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that the person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by the person in connection with the defense or settlement of such action or suit if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which the person shall have been adjudged to be liable to the corporation unless and only to the extent that the Delaware Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnity for such expenses as the Delaware Court of Chancery or such other court shall deem proper.

Section 145(c) of the Delaware General Corporation Law provides that to the extent that a present or former director or officer of a corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in subsections (a) and (b) of Section 145, or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith.

Section 145(d) of the Delaware General Corporation Law states that any indemnification under subsections (a) and (b) of Section 145 (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of the present or former director, officer, employee or agent is proper in the circumstances because the person has met the applicable standard of conduct set forth in subsections (a) and (b) of Section 145. Such determination shall be made with respect to a person who is a director or officer at the time of such determination (1) by a majority vote of the directors who are not parties to such action, suit or proceeding, even though less than a quorum, (2) by a committee of such directors designated by majority vote of such directors, even though less than a quorum, (3) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion or (4) by the stockholders.

Section 145(f) of the Delaware General Corporation Law states that the indemnification and advancement of expenses provided by, or granted pursuant to, the other subsections of Section 145 shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any bylaw, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office.

Section 145(g) of the Delaware General Corporation Law provides that a corporation shall have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against any liability asserted against such person and incurred by such person in any such capacity or arising out of such person's status as such, whether or not the corporation would have the power to indemnify such person against such liability under the provisions of Section 145.

Section 145(j) of the Delaware General Corporation Law states that the indemnification and advancement of expenses provided by, or granted pursuant to, Section 145 shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Certificate of Incorporation. Our company's amended and restated certificate of incorporation filed as Exhibit 3.1 hereto provides that our company's directors will not be personally liable to our company or its stockholders for monetary damages resulting from a breach of their fiduciary duties as directors. However, nothing contained in such provision will eliminate or limit the liability of directors (1) for any breach of the director's duty of loyalty to our company or its stockholders, (2) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of the law, (3) under Section 174 of the Delaware General Corporation Law or (4) for any transaction from which the director derived an improper personal benefit.

Bylaws. Our company's amended and restated bylaws provide for the indemnification of the officers and directors of our company to the fullest extent permitted by the Delaware General Corporation Law. The bylaws provide that each person who was or is made a party to, or is threatened to be made a party to, any civil, criminal, administrative or investigative action, suit or proceeding by reason of the fact that such person is or was a director or officer of our company shall be indemnified and held harmless by our company to the fullest extent authorized by the Delaware General Corporation Law against all expense, liability and loss, including, without limitation, attorneys' fees, incurred by such person in connection therewith, if such person satisfied the applicable standards of conduct set forth in the Delaware General Corporation Law.

Insurance. Our company maintains directors' and officers' liability insurance, which covers directors and officers of our company against certain claims or liabilities arising out of the performance of their duties.

Indemnification Agreements. Our company intends to enter into agreements to indemnify its directors and executive officers. These agreements will provide for indemnification of our company's directors and executive officers to the fullest extent permitted by the Delaware General Corporation Law against all expenses, including attorneys' fees, judgments, fines and settlement amounts incurred by any such person in actions or proceedings, including actions by our company or in its right, arising out of such person's services as a director or executive officer of our company, any subsidiary of our company or any other company or enterprise to which the person provided services at our company's request.

Underwriting Agreement. Our company's underwriting agreement with the underwriters will provide for the indemnification of the directors and officers of our company against specified liabilities related to this prospectus under the Securities Act in certain circumstances.

Item 15. Recent Sales of Unregistered Securities.

On May 15, 2008, we sold 1,000 shares of common stock to Carlyle Partners V US, L.P. for aggregate consideration of \$10.00.

In connection with the acquisition, on July 30, 2008 we issued 9,565,000 shares of our Class A common stock to Explorer Coinvest LLC for \$956.5 million and issued (i) 564,187 shares of our Class A common stock, (ii) 237,864 shares of our Class B non-voting common stock, (iii) 202,827 shares of our Class C restricted common stock, (iv) 1,480,288 shares of our Class E special voting common stock and (v) options to purchase 1,480,292 shares of our Class A common stock, in each case, to employees and former employees in exchange for stock and options in the Predecessor.

In addition to the transactions described above, during the fiscal year ended March 31, 2009, we issued (i) 1,500 shares of our Class A common stock to two employees for aggregate consideration of \$150,000 and (ii) 2,500 shares of our Class B non-voting common stock to a former employee for aggregate consideration of \$250,000.

During the fiscal year ended March 31, 2010, we issued (i) 158,696 shares of our Class A common stock to certain officers and other employees in connection with the exercise of options for aggregate consideration of \$1,388,100 and (ii) 1,907 shares of our Class A common stock to certain directors in lieu of payment of fees for their service as directors.

During the first quarter of fiscal 2011, we issued (i) 7,810 shares of our Class A common stock to an officer and a director for aggregate consideration of \$999,914, (ii) 35,181 shares of our Class A common stock to certain officers and other employees in connection with the exercise of options for aggregate consideration of \$1,502,580, (iii) 1,173 of our Class A common stock to certain directors in lieu of payment of fees for their service as directors, and (iv) 70,293 shares of our Class E special voting common stock to a family trust of an officer for aggregate consideration of \$2,109.

During the second quarter of fiscal 2011, we issued 385,580 shares of our Class A common stock to certain officers and other employees in connection with the exercise of options for aggregate consideration of \$9,556,142.

The sales and issuances described above in this Item 15 were effected in reliance on the exemptions for sales of securities not involving a public offering, as set forth in Rule 506 promulgated under the Securities Act and in Section 4(2) of the Securities Act, based on the following: (a) a private offering in connection with the initial capitalization of our company; or (b) (i) the investors confirmed to us that they were either "accredited investors," as defined in Rule 501 of Regulation D promulgated under the Securities Act or had such background, education and experience in financial and business matters as to be able to evaluate the merits and risks of an investment in the securities; (ii) there was no public offering or general solicitation with respect to the offering; (iii) the investors acknowledged that all securities being purchased were "restricted securities" for purposes of the Securities Act, and agreed to transfer such securities only in a transaction registered under the Securities Act or exempt from registration under the Securities Act; and (iv) a legend was placed on the certificates representing each such security stating that it was restricted and could only be

transferred if subsequently registered under the Securities Act or transferred in a transaction exempt from registration under the Securities Act.

Item 16. Exhibits and Financial Statement Schedules.

Exhibit No.	Description
1.1	Form of Underwriting Agreement
2.1**	Agreement and Plan of Merger, dated as of May 15, 2008, by and among Booz Allen Hamilton Inc., Booz Allen Hamilton Holding Corporation (formerly known as Explorer Holding Corporation), Booz Allen Hamilton Investor Corporation (formerly known as Explorer Investor Corporation), Explorer Merger Sub Corporation and Booz & Company Inc.
2.2**	Spin Off Agreement, dated as of May 15, 2008, by and among Booz Allen Hamilton Inc., Booz & Company Holdings, LLC, Booz & Company Inc., Booz & Company Intermediate I Inc. and Booz & Company Intermediate II Inc.
2.3**	Amendment to the Agreement and Plan of Merger and the Spin Off Agreement, dated as of July 30, 2008, by and among Booz Allen Hamilton Inc., Booz Allen Hamilton Investor Corporation (formerly known as Explorer Investor Corporation), Explorer Merger Sub Corporation, Booz & Company Holdings, LLC, Booz & Company Inc., Booz & Company Intermediate I Inc. and Booz & Company Intermediate II Inc.
3.1*	Form of Second Amended and Restated Certificate of Incorporation of Booz Allen Hamilton Holding Corporation
3.2	Form of Second Amended and Restated Bylaws of Booz Allen Hamilton Holding Corporation
4.1**	Guarantee and Collateral Agreement, among Booz Allen Hamilton Investor Corporation (formerly known as Explorer Investor Corporation), Explorer Merger Sub Corporation as the Initial Borrower, Booz Allen Hamilton Inc., as the Surviving Borrower, and the Subsidiary Guarantors party thereto, in favor of Credit Suisse, as Collateral Agent, dated as of July 31, 2008
4.2**	Guarantee Agreement, among Booz Allen Hamilton Investor Corporation (formerly known as Explorer Investor Corporation), Explorer Merger Sub Corporation as the Initial Borrower, Booz Allen Hamilton Inc., as the Surviving Borrower, and the Subsidiary Guarantors party thereto, and Credit Suisse, as Administrative Agent, dated as of July 31, 2008
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4.4	Form of Irrevocable Proxy and Tag-Along Agreement
4.5	Form of Stock Certificate
5.1*	Opinion of Debevoise & Plimpton LLP
10.1**	Credit Agreement, among Booz Allen Hamilton Investor Corporation (formerly known as Explorer Investor Corporation), Explorer Merger Sub Corporation, as the Initial Borrower, Booz Allen Hamilton Inc., as the Surviving Borrower, the several lenders from time to time parties thereto, Credit Suisse AG, Cayman Islands Branch (formerly known as Credit Suisse), as Administrative Agent and Collateral Agent, Credit Suisse AG, Cayman Islands Branch (formerly known as Credit Suisse), as Issuing Lender, Banc of America Securities LLC and Credit Suisse Securities (USA) LLC, as Joint Lead Arrangers, and Banc of America Securities LLC, Credit Suisse Securities (USA) LLC, Barclays Capital, Goldman Sachs Credit Partners L.P., and Morgan Stanley Senior Funding, Inc., as Joint Bookrunners and Sumitomo Mitsui Banking Corporation, as Co-Manager, dated as of July 31, 2008
10.2**	First Amendment to Credit Agreement, dated as of December 8, 2009
10.3**	Mezzanine Credit Agreement, among Booz Allen Hamilton Investor Corporation (formerly known as Explorer Investor Corporation), Explorer Merger Sub Corporation, as the Initial Borrower, Booz Allen Hamilton Inc., as the Surviving Borrower, the several lenders from time to time parties thereto, Credit Suisse, as Administrative Agent, and Credit Suisse Securities (USA) LLC, Banc of America Securities LLC and Lehman Brothers Inc., as Joint Lead Arrangers and Joint Bookrunners, dated as of July 31, 2008
10.4**	First Amendment to Mezzanine Credit Agreement, dated as of July 23, 2009
10.5**	Second Amendment to Mezzanine Credit Agreement, dated as of December 7, 2009
10.6**	Management Agreement, among Booz Allen Hamilton Holding Corporation (formerly known as Explorer Holding Corporation), Booz Allen Hamilton Inc., and TC Group V US, LLC, dated as of July 31, 2008.
10.7	Amended and Restated Equity Incentive Plan of Booz Allen Hamilton Holding Corporation†

Exhibit No.	Description
10.8**	Booz Allen Hamilton Holding Corporation Officers' Rollover Stock Plan†
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10.16*	Booz Allen Hamilton Holding Corporation Officers' Retirement Plan†
10.17	Officer's Comprehensive Medical and Dental Plans†
10.18	Retired Officer's Comprehensive Medical and Dental Plans†
10.19	Excess ECAP Payment Program†
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10.21**	Group Personal Excess Liability Insurance†
10.22	Annual Performance Program†
10.23	Form of Booz Allen Hamilton Holding Corporation Director and Officer Indemnification Agreement
21.1**	List of Subsidiaries
23.1*	Consent of Debevoise & Plimpton LLP (included in Exhibit 5.1)
23.2	Consent of Ernst & Young LLP, Independent Auditors
24.1**	Powers of Attorney

* To be filed by amendment.

** Previously filed.

† Indicates management compensation plan.

Item 17. Undertakings.

The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act, and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Booz Allen Hamilton Holding Corporation has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in McLean, Virginia, on this 30th day of September, 2010.

BOOZ ALLEN HAMILTON HOLDING CORPORATION

By: /s/ CG Appleby
Name: CG Appleby
Title: Executive Vice President, General Counsel and Secretary

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
* <u>Ralph W. Shrader</u>	President, Chief Executive Officer and Director (Principal Executive Officer)	September 30, 2010
* <u>Samuel R. Strickland</u>	Executive Vice President, Chief Financial Officer, Chief Administrative Officer and Director (Principal Financial and Accounting Officer)	September 30, 2010
* <u>Peter Clare</u>	Director	September 30, 2010
* <u>Ian Fujiyama</u>	Director	September 30, 2010
<u>Allan M. Holt</u>	Director	
* <u>Philip A. Odeen</u>	Director	September 30, 2010
* <u>Charles O. Rossotti</u>	Director	September 30, 2010
*By: <u>/s/ CG Appleby</u> CG Appleby Attorney-in-Fact		

EXHIBIT INDEX

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† Indicates management compensation plan.

[•] Shares

BOOZ ALLEN HAMILTON HOLDING CORPORATION

CLASS A COMMON STOCK, PAR VALUE \$0.01 PER SHARE

FORM OF UNDERWRITING AGREEMENT

[•], 2010

Morgan Stanley & Co. Incorporated
Barclays Capital Inc.

c/o Morgan Stanley & Co. Incorporated
1585 Broadway
New York, New York 10036

c/o Barclays Capital Inc.
745 Seventh Avenue
New York, New York 10019

Ladies and Gentlemen:

Booz Allen Hamilton Holding Corporation, a Delaware corporation (the “**Company**”), proposes to issue and sell to the several Underwriters named in Schedule I hereto (the “**Underwriters**”), an aggregate of [•] shares of the Class A common stock, par value \$0.01 per share, of the Company (the “**Firm Shares**”).

The Company also agrees to issue and sell to the several Underwriters not more than an additional [•] shares of the Company’s Class A common stock, par value \$0.01 per share (the “**Additional Shares**”) if and to the extent that you, as managers of the offering, shall have determined to exercise, on behalf of the Underwriters, the right to purchase such shares of Class A common stock granted to the Underwriters in Section 2 hereof. The Firm Shares and the Additional Shares are hereinafter collectively referred to as the “**Shares**.” The shares of Class A common stock, par value \$0.01 per share, of the Company to be outstanding after giving effect to the sales contemplated hereby are hereinafter referred to as the “**Common Stock**.” The Company has filed with the Securities and Exchange Commission (the “**Commission**”) a registration statement on Form S-1 (File No. 333-167645), including a prospectus, relating to the Shares. The registration statement as amended at the time it becomes effective, including the information (if any) deemed to be part of the registration statement at the time of effectiveness pursuant to Rule 430A under the Securities Act of 1933, as amended (the “**Securities Act**”), is hereinafter referred to as the “**Registration Statement**”; the final prospectus in the form first filed with the Commission pursuant to Rule 424(b) under the Securities Act is hereinafter referred to as the “**Prospectus**.” If the Company has filed an abbreviated registration statement to register additional shares of Common Stock pursuant to Rule 462(b) under the Securities Act (the “**Rule 462 Registration Statement**”), then any reference herein to the term “**Registration Statement**” shall be deemed to include such Rule 462 Registration Statement.

For purposes of this Agreement, “**free writing prospectus**” has the meaning set forth in Rule 405 under the Securities Act; “**preliminary prospectus**” means each preliminary prospectus included in the Registration Statement prior to the time it becomes effective or filed with the Commission pursuant to Rule 424(b) under the Securities Act; “**broadly available road show**” means a “bona fide electronic road show” as defined in Rule 433(h)(5) under the Securities Act that has been made available without restriction to any person; “**Time of Sale Prospectus**” means the preliminary prospectus included in the Registration Statement immediately prior to the Time of Sale (as defined below) together with the pricing information and free writing prospectuses, if any, in each case identified in Schedule II hereto; and “**Time of Sale**” means [*] [a.m.][p.m.] (New York time) on the date of this Agreement or, if the Time of Sale Prospectus is amended or supplemented by the Company subsequent to the Time of Sale and prior to the Closing Date (as defined in Section 4), such time and date the Underwriters first re-confirm the sale of the Shares.

Morgan Stanley & Co. Incorporated (“**Morgan Stanley**”) has agreed to reserve 10% of the Firm Shares to be purchased by it under this Agreement for sale to the Company’s directors, officers, employees and business associates and other parties related to the Company (collectively, “**Participants**”), as set forth in the Prospectus under the heading “Underwriters” (the “**Directed Share Program**”). The Firm Shares to be sold by Morgan Stanley and its affiliates pursuant to the Directed Share Program are referred to hereinafter as the “**Directed Shares**”. Any Directed Shares not orally confirmed for purchase by any Participant by the end of the business day on which this Agreement is executed will be offered to the public by the Underwriters as set forth in the Prospectus.

1. *Representations and Warranties of the Company.* The Company represents and warrants to and agrees with each of the Underwriters that:

(a) The Registration Statement has been declared effective by the Commission; no stop order suspending the effectiveness of the Registration Statement is in effect, and no proceedings for such purpose are pending before, or to the Company’s knowledge, threatened by the Commission.

(b) (i) The Registration Statement, when it became effective, did not contain and, as amended or supplemented, if applicable, will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, (ii) the Registration Statement complies and the Prospectus and the Registration Statement, as amended or supplemented, if applicable, will comply in all material respects with the Securities Act and the applicable rules and regulations of the Commission thereunder, (iii) the Time of Sale Prospectus as of the Time of Sale

did not and, at the Closing Date (as defined in Section 4), the Time of Sale Prospectus, as then amended or supplemented by the Company, if applicable, will not, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, (iv) each broadly available road show, if any, when considered together with the Time of Sale Prospectus, does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading and (v) the Prospectus as of its date and as of the Closing Date, as amended or supplemented, if applicable, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, except that the representations and warranties set forth in this paragraph do not apply to statements in or omissions from the Registration Statement, the Time of Sale Prospectus or the Prospectus based upon and in conformity with written information furnished to the Company by any Underwriter through the Representatives specifically for use therein, it being understood and agreed that the only such information furnished by any Underwriter consists of the information described as such in Section 9(b) hereof.

(c) The Company is not an "ineligible issuer" as defined in Rule 405 under the Securities Act in connection with the offering of the Shares as contemplated by the Registration Statement pursuant to Rules 164 and 433 under the Securities Act. Any free writing prospectus that the Company is required to file pursuant to Rule 433(d) under the Securities Act has been, or will be, filed with the Commission in accordance with the requirements of the Securities Act and the applicable rules and regulations of the Commission thereunder. Each free writing prospectus that the Company has filed, or is required to file, pursuant to Rule 433(d) under the Securities Act or that was prepared by or on behalf of or used or referred to by the Company complies or will comply in all material respects with the requirements of the Securities Act and the applicable rules and regulations of the Commission thereunder. Except for the free writing prospectuses, if any, identified in Schedule II hereto, and electronic road shows, if any, each furnished to you before first use, the Company has not prepared, used or referred to, and will not, without your prior consent, prepare, use or refer to, any free writing prospectus.

(d) The Company has been duly incorporated, is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation, has the corporate power and authority to own its property and to conduct its business as described in the Time of Sale Prospectus and is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good

standing would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the condition (financial or otherwise), business, properties or results of operations of the Company and its subsidiaries taken as a whole (a "**Material Adverse Effect**") or a material adverse effect on the ability of the Company and its subsidiaries, taken as a whole, to perform its obligations under this Agreement or to consummate the transactions contemplated by the Time of Sale Prospectus.

(e) Each subsidiary of the Company has been duly incorporated, is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation, has the corporate power and authority to own its property and to conduct its business as described in the Time of Sale Prospectus and is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not have a Material Adverse Effect or a material adverse effect on the ability of the Company and its subsidiaries, taken as a whole, to perform its obligations under this Agreement or to consummate the transactions contemplated by the Time of Sale Prospectus; all of the issued shares of capital stock of each subsidiary of the Company have been duly and validly authorized and issued, are fully paid and non-assessable and are owned directly by the Company or a wholly owned subsidiary of the Company, free and clear of all liens, encumbrances, equities or claims.

(f) This Agreement has been duly authorized, executed and delivered by the Company.

(g) The authorized capital stock of the Company conforms as to legal matters to the description thereof contained in each of the Time of Sale Prospectus and the Prospectus.

(h) The shares of Common Stock outstanding prior to the issuance of the Shares to be sold by the Company have been duly authorized and are validly issued, fully paid and non-assessable.

(i) The Shares to be sold by the Company have been duly authorized and, when issued, paid for and delivered in accordance with the terms of this Agreement, will be validly issued, fully paid and non-assessable, and the issuance of such Shares will not be subject to any preemptive or similar rights.

(j) The execution and delivery by the Company of, and the performance by the Company of its obligations under, this Agreement will not violate or breach: (i) any provision of applicable law; (ii) the certificate of incorporation or by-laws of the Company, as amended and restated as of the date hereof; (iii) any agreement or other instrument binding upon the Company or any

of its subsidiaries; or (iv) any applicable judgment, order or decree of any federal, state, local, international or foreign governmental authority, or any court, administrative or regulatory agency or commission or other governmental authority (each a "**Governmental Entity**"), having jurisdiction over the Company or any of its subsidiaries, except with respect to clauses (i), (iii) and (iv), for any such violation or breach which would not have a Material Adverse Effect. No consent, approval, authorization or order of, or qualification with, any such Governmental Entity is required for the performance by the Company of its obligations under this Agreement, except for (i) such consents, approvals, authorizations, registrations or qualifications as may be required under securities or Blue Sky laws of the various states or foreign countries or the rules and regulations of the Financial Industry Regulatory Authority ("**FINRA**") in connection with the issue and sale of the Shares by the Company, (ii) such consents, approvals, authorizations, orders, registrations, qualifications, waivers, amendments or termination as will have been obtained or made as of the Time of Sale and (iii) where the failure to obtain or make any such consent, approval, authorization, order, registration or qualification would not have a Material Adverse Effect.

(k) The execution and delivery by the Company of, and the performance by the Company of its obligations under, this Agreement will not require with respect to the Company or any subsidiary of the Company any license, consent, approval, action, order, authorization, or permit of, or registration, declaration or filing with, any Governmental Entity, including the (i) National Industrial Security Program Operating Manual notification requirements; (ii) notice requirements under International Traffic in Arms Regulations and other export control laws of the United States; and (iii) notification requirements in accordance with the Cost Accounting Standards (as defined in the Federal Acquisition Regulations, 48 CFR Chapter 99), except those that have been obtained or where the failure to obtain such license, consent, approval, action, order, authorization or permit of, or registration, declaration or filing would not have Material Adverse Effect.

(l) There has not occurred any material adverse change, or any development involving a prospective material adverse change, in the condition, financial or otherwise, or in the earnings, business or operations of the Company and its subsidiaries, taken as a whole, from that set forth in the Time of Sale Prospectus.

(m) There are no legal or governmental proceedings pending or, to the knowledge of the Company, threatened to which the Company or any of its subsidiaries is a party or to which any of the properties of the Company or any of its subsidiaries is subject, other than proceedings disclosed in the Time of Sale Prospectus or proceedings that would not have a Material Adverse Effect and would not have a material adverse effect on the power or ability of the Company

and its subsidiaries, taken as a whole, to perform its obligations under this Agreement or to consummate the transactions contemplated by the Time of Sale Prospectus.

(n) Each preliminary prospectus filed as part of the registration statement as originally filed or as part of any amendment thereto, or filed pursuant to Rule 424 under the Securities Act, complied when so filed in all material respects with the Securities Act and the applicable rules and regulations of the Commission thereunder.

(o) The Company is not, and after giving effect to the offering and sale of the Shares and the application of the net proceeds thereof as described in the Prospectus will not be, required to register as an "investment company" as such term is defined in the Investment Company Act of 1940, as amended.

(p) The Company and its subsidiaries (i) are in compliance with any and all applicable foreign, federal, state and local laws and regulations relating to the protection of human health and safety, the environment or hazardous or toxic substances or wastes, pollutants or contaminants ("**Environmental Laws**"), (ii) have received all permits, licenses or other approvals required of them under applicable Environmental Laws to conduct their respective businesses and (iii) are in compliance with all terms and conditions of any such permit, license or approval, except where such noncompliance with Environmental Laws, failure to receive required permits, licenses or other approvals or failure to comply with the terms and conditions of such permits, licenses or approvals would not have a Material Adverse Effect.

(q) There are no contracts, agreements or understandings between the Company and any person granting such person the right to require the Company to file a registration statement under the Securities Act with respect to any securities of the Company, or to require the Company to include such securities with the Shares registered pursuant to the Registration Statement, in each case, other than as disclosed in the Time of Sale Prospectus.

(r) Neither the Company, any of its subsidiaries nor any director or executive officer thereof, nor any affiliates of the Company or any of its subsidiaries, nor, to the Company's knowledge, any employee, agent or representative of the Company or of any of its subsidiaries, has made any unlawful offer, payment, promise to pay, or authorization or approval of the payment or giving of money, property, gifts or anything else of value, directly or indirectly, to any "government official" (including any officer or employee of a government or government-owned or controlled entity or of a public international organization, or any person acting in an official capacity for or on behalf of any of the foregoing, or any political party or party official or candidate for political office) to influence official action or secure an improper advantage; and, to the

Company's knowledge after due inquiry, the Company and its subsidiaries and affiliates have conducted their businesses in compliance with applicable anti-corruption laws and have instituted and maintain and will continue to maintain policies and procedures designed to promote and achieve compliance with such laws.

(s) The operations of the Company and its subsidiaries are and have been conducted at all times in material compliance with all applicable financial recordkeeping and reporting requirements, including those of the Bank Secrecy Act, as amended by Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA PATRIOT Act), and, to the Company's knowledge after due inquiry, the applicable anti-money laundering statutes of jurisdictions where the Company and its subsidiaries conduct business, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any governmental agency (collectively, the "**Anti-Money Laundering Laws**"), and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any of its subsidiaries with respect to the Anti-Money Laundering Laws is pending or, to the knowledge of the Company, threatened.

(t) (i) The Company represents that neither the Company nor any of its subsidiaries, nor any director or executive officer thereof, nor, to the Company's knowledge, any employee, any agent, affiliate or representative of the Company or any of its subsidiaries, is an individual or entity ("**Person**") that is, or is owned or controlled by a Person that is (A) the subject of any sanctions administered or enforced by the U.S. Department of Treasury's Office of Foreign Assets Control ("**OFAC**") (collectively, "**Sanctions**") or (B) located, organized or resident in a country or territory that is the subject of Sanctions (including, without limitation, Burma/Myanmar, Cuba, Iran, North Korea, Sudan and Syria) except to the extent permitted by OFAC. (ii) The Company represents and covenants that it will not, directly or indirectly, use the proceeds of the offering, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Person: (A) to fund or facilitate any activities or business of or with any Person or in any country or territory that, at the time of such funding or facilitation, is the subject of Sanctions except to the extent permitted by OFAC; or (B) in any other manner that will result in a violation of Sanctions by any Person (including any Person participating in the offering, whether as underwriter, advisor, investor or otherwise) solely as a result of the Company making available such proceeds to such Person. (iii) The Company represents and covenants that for the past five years, it and its subsidiaries have not knowingly engaged in, are not now knowingly engaged in, and will not knowingly engage in, any dealings or transactions with any Person, or in any country or territory, that at the time of the dealing or transaction is or was the subject of Sanctions.

(u) Subsequent to the respective dates as of which information is given in each of the Registration Statement, the Time of Sale Prospectus and the Prospectus, (i) the Company and its subsidiaries have not incurred any material liability or obligation, direct or contingent, nor entered into any material transaction; (ii) the Company has not purchased any of its outstanding capital stock, nor declared, paid or otherwise made any dividend or distribution of any kind on its capital stock other than ordinary and customary dividends; and (iii) there has not been any material change in the capital stock, short-term debt or long-term debt of the Company and its subsidiaries, except in each case as described in each of the Registration Statement, the Time of Sale Prospectus and the Prospectus, respectively.

(v) The Company and its subsidiaries do not own any real property and the Company and its subsidiaries have good title to all personal property owned by them, in each case, that is material to the business of the Company and its subsidiaries taken as a whole, in each case free and clear of all liens, encumbrances and defects except such as are described in the Time of Sale Prospectus or such liens, encumbrances and defects that would not have a Material Adverse Effect; and, except as disclosed in the Time of Sale Prospectus, any real property and buildings held under lease by the Company and its subsidiaries are held by them under valid, subsisting and enforceable leases with such exceptions as would not have a Material Adverse Effect and subject to the effects of bankruptcy, insolvency, fraudulent conveyance, fraudulent transfer, reorganization and moratorium laws, and other similar laws relating to or affecting creditor's rights and general equitable principles (whether considered in a proceeding in equity or at law).

(w) The Company and its subsidiaries own or possess adequate rights to use all patents, patent rights, licenses, inventions, copyrights, know-how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures), trademarks, service marks and trade names currently employed by them in connection with the business now operated by them except where lack of ownership or possession of such rights would not have a Material Adverse Effect. Neither the Company nor any of its subsidiaries has received any notice of infringement of or conflict with asserted rights of others with respect to any of the foregoing, which, if the subject of an unfavorable decision, ruling or finding, would have a Material Adverse Effect.

(x) No material labor dispute with the employees of the Company or any of its subsidiaries exists or, to the knowledge of the Company, is imminent except where such dispute would not have a Material Adverse Effect; and the Company is not aware of any existing, threatened or imminent labor disturbance by the employees of any of its contractors or subcontractors that would have a Material Adverse Effect.

(y) The Company and each of its subsidiaries are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as the Company believes in good faith to be prudent and customary in the businesses in which they are engaged; neither the Company nor any of its subsidiaries has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business except where such failure to renew or obtain similar coverage would not have a Material Adverse Effect.

(z) The Company and its subsidiaries possess all certificates, authorizations, permits and facility clearances and their personnel has security clearances issued by the appropriate federal, state or foreign regulatory authorities necessary to conduct their businesses except where failure to obtain such certificates, authorizations, permits and clearances would not reasonable be expected to have a Material Adverse Effect; and neither the Company nor any of its subsidiaries has received any notice of proceedings relating to the revocation or modification of any such certificate, authorization, permit or clearance which, if the subject of an unfavorable decision, ruling or finding, would have a Material Adverse Effect.

(aa) The Company and each of its subsidiaries maintain a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles in the United States ("U.S. GAAP") and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. Except as described in the Time of Sale Prospectus, since the end of the Company's most recent audited fiscal year, there has been (i) no material weakness in the Company's internal control over financial reporting (whether or not remediated) and (ii) no change in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting (including any corrective actions with regard to significant deficiencies and material weaknesses).

(bb) (i) The Company and its consolidated subsidiaries have established and maintain "disclosure controls and procedures" (as such term is defined in Rule 13a-15 under the Securities Exchange Act of 1934, as amended (the "Exchange Act")), (ii) such disclosure controls and procedures are designed to ensure that the information required to be disclosed about the Company and its subsidiaries in the reports the Company will file or submit under the Exchange

Act is accumulated and communicated to management of the Company, including its principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure to be made and (iii) such disclosure controls and procedures are effective to a reasonable level of assurance to perform the functions for which they were established.

(cc) Except as described in the Registration Statement, the Company has not sold, issued or distributed any of its equity securities or any other securities convertible into or exercisable or exchangeable for its equity securities during the six-month period preceding the date hereof, including any sales pursuant to Rule 144A under, or Regulation D or S of, the Securities Act, other than shares issued pursuant to employee benefit plans, qualified stock option plans or other employee compensation plans or pursuant to outstanding options, rights or warrants.

(dd) The Company and each of its subsidiaries have filed all federal, state, local and foreign tax returns required to be filed through the date of this Agreement or have requested extensions thereof (except where the failure to file would not have a Material Adverse Effect) and have paid all taxes required to be paid thereon (except for cases in which the failure to file or pay would not have a Material Adverse Effect, or, except as currently being contested in good faith and for which reserves required by U.S. GAAP have been created in the financial statements of the Company), and no tax deficiency has been determined adversely to the Company or any of its subsidiaries which has had, nor does the Company or any of its subsidiaries have any notice or knowledge of any tax deficiency which if determined adversely to the Company or its subsidiaries would have a Material Adverse Effect.

(ee) The statistical and market-related data included under the captions "Prospectus Summary," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and "Business" in the most recent preliminary prospectus included in the Time of Sale Prospectus are based on or derived from sources that the Company believes to be reliable and accurate in all material respects or represent the Company's good faith estimates that are made on the basis of data derived from such sources.

(ff) The statements made in the Time of Sale Prospectus under the captions "Risk Factors," "Business," "Description of Capital Stock" and "Shares of Common Stock Eligible for Future Resale" insofar as they purport to constitute summaries of the terms of statutes, rules or regulations, legal or governmental proceedings or contracts and other documents, constitute accurate summaries of the terms of such statutes, rules and regulations, legal and governmental proceedings and contracts and other documents in all material respects.

(gg) Each pension, profit sharing, welfare plan and other plan which is subject to the Employee Retirement Income Security Act of 1974, as amended (“ERISA”) for which the Company or any member of its “Controlled Group” (defined as any organization which is a member of a controlled group of corporations within the meaning of Section 414 of the Internal Revenue Code of 1986, as amended (the “Code”)) would have any liability (each a “Plan”) has been maintained in compliance with its terms and with the requirements of all applicable statutes, rules and regulations including ERISA and the Code; and none of the Company or any subsidiary has incurred any liability for any prohibited transaction or accumulated funding deficiency or any complete or partial withdrawal liability with respect to any Plan; except in each case, as would not have a Material Adverse Effect.

(hh) Except as disclosed under the heading “Experts” in the most recent preliminary prospectus included in the Time of Sale Prospectus, Ernst & Young LLP, who have certified certain financial statements of the Company and its consolidated subsidiaries included in the Time of Sale Prospectus, whose report appears in the Time of Sale Prospectus and who have delivered the initial letter referred to in Section 5(e) hereof, are independent public accountants as required by the Securities Act and the rules and regulations thereof. The Company’s Audit Committee has concluded, after due inquiry with Ernst & Young LLP and upon consultation with legal counsel, that Ernst & Young LLP’s objectivity and impartiality of judgment has not been impaired with respect to Ernst & Young LLP’s audit engagement as the Company’s independent public accountants as required by the Securities Act and the rules and regulations thereof. These circumstances and conclusions were reviewed with the Staff of the Office of the Chief Accountant of the Commission, which did not disagree with such conclusion.

(ii) Except as identified in the Time of Sale Prospectus, since the date of the most recent balance sheet of the Company and its consolidated subsidiaries reviewed or audited by Ernst & Young LLP and the audit committee of the board of directors of the Company, the Company has not been advised of (i) any significant deficiencies in the design or operation of internal controls that could reasonably be expected to materially adversely affect the ability of the Company and each of its subsidiaries to record, process, summarize and report financial data, or any material weaknesses in internal controls or (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in the internal controls of the Company and each of its subsidiaries.

(jj) The Company has not taken and will not take, directly or indirectly, any action designed to or that has constituted or that could reasonably be expected to cause or result in the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Shares.

(kk) The Shares have been approved for listing, subject to official notice of issuance and evidence of satisfactory distribution, on The New York Stock Exchange.

(ll) The historical financial statements (including the related notes and supporting schedules) included in the Time of Sale Prospectus comply as to form in all material respects with the requirements of Regulation S-X under the Securities Act and present fairly in all material respects the financial condition, results of operations and cash flows of the Company and its subsidiaries on a consolidated basis at the dates and for the periods indicated and have been prepared in conformity with U.S. GAAP applied on a consistent basis throughout the periods involved.

(mm) As of •, 2010 the Company's total backlog was \$[•], consisting of funded backlog, unfunded backlog and priced options of approximately \$[•], approximately \$[•] and approximately \$[•], respectively, in each case, relating to the Company's United States Government contracting business and calculated in a manner consistent with past practice and the Company's policies and procedures (except with respect to the Company's separately tracking information related to priced options beginning on April 1, 2008 as disclosed in the Time of Sale Prospectus). All contracts, task orders and options reflected in such total backlog amount were entered into in the ordinary course of business, consistent with past practice.

(nn) Other than in connection with this Agreement and the Company's engagement letter with Solebury Capital LLC, dated as of [•], 2010, there is no investment banker, financial advisor, broker, finder or other intermediary which has been retained by, or is authorized to act on behalf of, the Company or any its subsidiaries which might be entitled to any fee or commission from the transactions contemplated hereby.

(oo) Except as disclosed in the Time of Sale Prospectus, as of the date of this Agreement, neither the Company nor any of its subsidiaries is party to any contract containing covenants that would limit in any material respect the ability of the Company or any of its subsidiaries to (i) engage in any line of business or (ii) compete with any person in any market or line of business.

(pp) Except as disclosed in the Time of Sale Prospectus, to the knowledge of the Company, there is no outstanding allegation of improper or illegal activities arising from any government audit or non-audit review, including without limitation, by the Defense Contract Audit Agency, of the Company or any of its subsidiaries or work performed by the Company or any of its subsidiaries that would have a Material Adverse Effect. Except as disclosed in the Time of Sale Prospectus, to the knowledge of the Company, there are no pending civil or criminal penalties or administrative sanctions arising from a government audit or non-audit review of the Company or any of its subsidiaries or work performed by

the Company or any of its subsidiaries, including, but not limited to, termination of contracts, forfeiture of profits, suspension of payments, fines, or suspension or debarment from doing business with any the United States Government or any agency thereof that would have a Material Adverse Effect.

(qq) The Company's cost accounting system complies with the Cost Accounting Standards (as defined in the Federal Acquisition Regulations, 48 C.F.R. Chapter 99) and, during the past three years, its bids and proposals for government contracts have complied with the Truth in Negotiations Act (as codified at 10 U.S.C. § 2306a and 41 U.S.C. 254b), in each case, except as would not have a Material Adverse Effect.

(rr) The Registration Statement, the Prospectus, the Time of Sale Prospectus and any preliminary prospectus comply, and any amendments or supplements thereto will comply, with any applicable laws or regulations of foreign jurisdictions in which the Prospectus, the Time of Sale Prospectus or any preliminary prospectus, as amended or supplemented, if applicable, are distributed in connection with the Directed Share Program.

(ss) No consent, approval, authorization or order of, or qualification with, any governmental body or agency, other than those obtained, is required in connection with the offering of the Directed Shares in any jurisdiction where the Directed Shares are being offered.

(tt) The Company has not offered, or caused Morgan Stanley or any Morgan Stanley Entity as defined in Section 10 to offer, Shares to any person pursuant to the Directed Share Program with the specific intent to unlawfully influence (i) a customer or supplier of the Company to alter the customer's or supplier's level or type of business with the Company, or (ii) a trade journalist or publication to write or publish favorable information about the Company or its products.

2. *Agreements to Sell and Purchase.* Upon the basis of the representations and warranties herein contained, but subject to the conditions hereinafter stated, the Company hereby agrees to sell to the several Underwriters, and each Underwriter agrees, severally and not jointly, to purchase from the Company at \$[•] a share (the "**Purchase Price**") the number of Firm Shares (subject to such adjustments to eliminate fractional shares as you may determine) set forth in Schedule I hereto opposite the name of such Underwriter.

On the basis of the representations and warranties contained in this Agreement, and subject to its terms and conditions, the Company agrees to sell to the Underwriters the Additional Shares, and the Underwriters shall have the right to purchase, severally and not jointly, the Additional Shares from the Company at the Purchase Price. You may exercise this right on behalf of the Underwriters in

whole or from time to time in part by giving written notice to the Company (with a courtesy copy of such notice delivered to Debevoise & Plimpton LLP) not later than 30 days after the date of this Agreement. Any exercise notice shall specify the number of Additional Shares to be purchased by the Underwriters and the date on which such shares are to be purchased. Each purchase date must be at least two business days after the written notice is given and may not be earlier than the closing date for the Firm Shares nor later than ten business days after the date of such notice. Additional Shares may be purchased as provided in Section 4 hereof solely for the purpose of covering over-allotments made in connection with the offering of the Firm Shares. On each day, if any, that Additional Shares are to be purchased (an “**Option Closing Date**”), each Underwriter agrees, severally and not jointly, to purchase the number of Additional Shares (subject to such adjustments to eliminate fractional shares as you may determine) that bears the same proportion to the total number of Additional Shares to be purchased on such Option Closing Date as the number of Firm Shares set forth in Schedule I hereto opposite the name of such Underwriter bears to the total number of Firm Shares.

The Company hereby agrees that, without the prior written consent of Morgan Stanley and Barclays Capital Inc. on behalf of the Underwriters which consent shall not be unreasonably withheld, it will not, during the period ending 180 days after the date of the Prospectus (the “**180-day restricted period**”), (1) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any shares of Common Stock beneficially owned (as such term is used in Rule 13d-3 of the Exchange Act) or any other securities so owned convertible into or exercisable or exchangeable for Common Stock or (2) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Common Stock, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of Common Stock or such other securities, in cash or otherwise or (3) file any registration statement with the Commission relating to the offering of any shares of Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock.

The restrictions contained in the preceding paragraph shall not apply to (a) the Shares to be sold hereunder, (b) the issuance by the Company of shares of Common Stock upon the conversion or exchange of convertible or exchangeable securities or exercise of options or warrants outstanding as of the date of this Agreement or (c) issuances pursuant to the Company’s and its subsidiaries’ employee stock incentive or other benefit plans existing on the date of this Agreement, in each of case (b) and (c), as disclosed in the Registration Statement. Notwithstanding the foregoing, if (1) during the last 17 days of the 180-day restricted period the Company issues an earnings release or material news or a

material event relating to the Company occurs; or (2) prior to the expiration of the 180-day restricted period, the Company announces that it will release earnings results during the 16-day period beginning on the last day of the 180-day restricted period, the restrictions imposed by this agreement shall continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event unless such extension is waived in writing by Morgan Stanley and Barclays Capital Inc. on behalf of the Underwriters. The Company shall promptly notify Morgan Stanley and Barclays Capital Inc. of any earnings release, material news or material event that may give rise to an extension of the 180-day restricted period.

The Company further hereby agrees that, without the prior written consent of Morgan Stanley and Barclays Capital Inc. on behalf of the Underwriters (which consent shall not be unreasonably withheld), it will not, during the 180-day restricted period, waive, with respect to any individual or entity party thereto, the restrictions under Section 2 of the Amended and Restated Stockholders Agreement (the "**Stockholders Agreement**"), in the form of exhibit 4.3 to the Registration Statement to be entered into on the Closing Date by and among the Company (formerly known as Explorer Holding Corporation), a Delaware corporation, Explorer Coinvest LLC, a Delaware limited liability company, the Management Stockholders (as defined therein), the Other Stockholders (as defined therein). The Company further hereby agrees that, in the event the 180-day restricted period is extended pursuant to the immediately preceding paragraph, it will extend the restrictions under Section 2 of the Stockholders Agreement to the same extent that the 180-day restricted period is extended pursuant to the immediately preceding paragraph.

3. *Terms of Public Offering.* The Company is advised by you that the Underwriters propose to make a public offering of their respective portions of the Shares as soon after the Registration Statement and this Agreement have become effective as in your judgment is advisable. The Company is further advised by you that the Shares are to be offered to the public initially at \$[*] a share (the "**Public Offering Price**") and to certain dealers selected by you at a price that represents a concession not in excess of \$[*] a share under the Public Offering Price, and that any Underwriter may allow, and such dealers may reallocate, a concession, not in excess of \$[*] a share, to any Underwriter or to certain other dealers.

4. *Payment and Delivery.* Payment for the Firm Shares to be sold by the Company shall be made to the Company in Federal funds immediately available in New York City against delivery of such Firm Shares for the respective accounts of the several Underwriters through the facilities of the Depository Trust Company ("**DTC**") at 10:00 a.m., New York City time, on [*], 2010, or at such other time on the same or such other date, not later than [*].

2010, as shall be designated by you in writing. The time and date of such payment are hereinafter referred to as the “Closing Date.”

Payment for any Additional Shares shall be made to the Company in Federal funds immediately available in New York City against delivery of such Additional Shares for the respective accounts of the several Underwriters through the facilities of DTC at 10:00 a.m., New York City time, on the date specified in the corresponding notice described in Section 2 or at such other time on the same or on such other date, in any event not later than [•], 2010, as shall be designated by you in writing.

The Firm Shares and Additional Shares shall be registered in such names and in such denominations as you shall request in writing not later than two full business days prior to the Closing Date or the applicable Option Closing Date, as the case may be. The Firm Shares and Additional Shares shall be delivered to you on the Closing Date or an Option Closing Date, as the case may be, for the respective accounts of the several Underwriters.

5. *Conditions to the Underwriters’ Obligations.* The obligations of the Company to sell the Shares to the Underwriters and the several obligations of the Underwriters to purchase and pay for the Shares on the Closing Date are subject to the condition that the Registration Statement shall have become effective not later than [•] [a.]/[p.][m.] (New York City time) on the date hereof.

The several obligations of the Underwriters are subject to the following further conditions:

(a) Subsequent to the execution and delivery of this Agreement and prior to the Closing Date,

(i) there shall not have occurred any downgrading, nor shall any public notice have been given of any intended or potential downgrading or of any review for a possible change that does not indicate the direction of the possible change, in the rating accorded any of the indebtedness of the Company or any of its subsidiaries by any “nationally recognized statistical rating organization,” as such term is defined for purposes of Rule 436(g)(2) under the Securities Act; and

(ii) there shall not have occurred any change, or any development involving a prospective change, in the condition, financial or otherwise, or in the earnings, business or operations of the Company and its subsidiaries, taken as a whole, from that set forth in the Time of Sale Prospectus as of the date of this Agreement that, in your judgment, is material and adverse and

makes it, in your judgment, impracticable to market the Shares on the terms and in the manner contemplated in the Time of Sale Prospectus.

(b) The Underwriters shall have received on the Closing Date a certificate, dated the Closing Date and signed by an executive officer of the Company, to the effect set forth in Section 5(a)(i) above and to the effect that the representations and warranties of the Company contained in this Agreement are true and correct as of the Closing Date and that the Company has complied with all of the agreements and satisfied all of the conditions on its part to be performed or satisfied hereunder on or before the Closing Date.

The officer signing and delivering such certificate may rely upon the best of his or her knowledge as to proceedings threatened.

(c) The Underwriters shall have received on the Closing Date and each applicable Option Closing Date an opinion and negative assurance letter of Debevoise & Plimpton LLP, outside counsel for the Company, dated the Closing Date and each applicable Option Closing Date, in the form and substance satisfactory to the Underwriters.

(d) The Underwriters shall have received on the Closing Date and each applicable Option Closing Date an opinion of CG Appleby, General Counsel of the Company, dated the Closing Date and each applicable Option Closing Date, in the form and substance satisfactory to the Underwriters.

(e) The Underwriters shall have received on the Closing Date and each applicable Option Closing Date an opinion of Latham & Watkins LLP, counsel for the Underwriters, dated the Closing Date, with respect to such matters as the Underwriters may reasonably request.

(f) The Underwriters shall have received, on each of the date hereof and the Closing Date and on each Option Closing Date, a letter dated the date hereof or the Closing Date or the applicable Option Closing Date, as the case may be, in form and substance satisfactory to the Underwriters, from Ernst & Young LLP, independent public accountants, containing statements and information of the type ordinarily included in accountants' "comfort letters" to underwriters with respect to the financial statements and certain financial information contained in the Registration Statement, the Time of Sale Prospectus and the Prospectus; *provided* that the letter delivered on the Closing Date shall use a "cut-off date" not earlier than the date hereof.

(g) The "lock-up" agreements, each substantially in the form of Exhibit A hereto, between you and certain shareholders, officers and directors of the Company listed on Schedule III hereto relating to sales and certain other

dispositions of shares of Common Stock or certain other securities, delivered to you on or before the date hereof, shall be in full force and effect on the Closing Date; and the restrictions of Section 2 of the Stockholders Agreement shall be in full force and effect with respect to all parties thereto on the Closing Date.

(h) The Underwriters shall have received a certificate addressed to the Underwriters and dated as of the date hereof, of Samuel R. Strickland, Executive Vice President, Chief Financial Officer and Chief Administrative Officer of the Company, covering certain financial and accounting information in the Time of Sale Prospectus, substantially in the form attached hereto as Exhibit B.

(i) The Shares to be delivered on the Closing Date or the applicable Option Closing Date shall have been approved for listing on the New York Stock Exchange, subject to official notice of issuance.

(j) No order suspending the effectiveness of the Registration Statement shall be in effect, and no proceeding for such purpose pursuant to Section 8A under the Securities Act shall be pending before or, to the Company's knowledge after due inquiry, threatened by the Commission; the Prospectus and each free writing prospectus required to be filed by the Company by Rule 433 under the Securities Act shall have been timely filed with the Commission under the Securities Act (in the case of a free writing prospectus to the extent required by Rule 433 under the Securities Act) and in accordance with Section 6(c) hereof; and all requests by the Commission for additional information shall have been complied with to the reasonable satisfaction of Morgan Stanley and Barclays Capital Inc.

(k) The representations and warranties of the Company contained in this Agreement are true and correct as of the Closing Date and that the Company has complied with all of the agreements and satisfied all of the conditions on its part to be performed or satisfied hereunder on or before the Closing Date.

The several obligations of the Underwriters to purchase Additional Shares hereunder are subject to the delivery to you on the applicable Option Closing Date of such documents as you may reasonably request with respect to the good standing of the Company, the due authorization and issuance of the Additional Shares to be sold on such Option Closing Date and other matters related to the issuance of such Additional Shares.

6. *Covenants of the Company.* The Company covenants with each Underwriter as follows:

(a) To furnish to you, without charge, six copies of the Registration Statement (including exhibits thereto) and for delivery to each other Underwriter a conformed copy of the Registration Statement (without exhibits thereto) and to

furnish to you in New York City, without charge, prior to 10:00 a.m. New York City time on the business day next succeeding the date of this Agreement and during the period mentioned in Section 6(e) or 6(f) below, as many copies of the Time of Sale Prospectus, the Prospectus and any supplements and amendments thereto or to the Registration Statement as you may reasonably request.

(b) Before amending or supplementing the Registration Statement, the Time of Sale Prospectus or the Prospectus, to furnish to you a copy of each such proposed amendment or supplement and not to file any such proposed amendment or supplement to which you reasonably object, and to file with the Commission within the applicable period specified in Rule 424(b) under the Securities Act any prospectus required to be filed pursuant to such Rule.

(c) To furnish to you a copy of each proposed free writing prospectus to be prepared by or on behalf of, used by, or referred to by the Company and not to use or refer to any proposed free writing prospectus to which you reasonably object.

(d) Not to take any action that would result in an Underwriter or the Company being required to file with the Commission pursuant to Rule 433(d) under the Securities Act a free writing prospectus prepared by or on behalf of the Underwriter that the Underwriter otherwise would not have been required to file thereunder.

(e) If the Time of Sale Prospectus is being used to solicit offers to buy the Shares at a time when the Prospectus is not yet available to prospective purchasers and any event shall occur or condition exist as a result of which it is necessary to amend or supplement the Time of Sale Prospectus in order to make the statements therein, in the light of the circumstances, not misleading, or if any event shall occur or condition exist as a result of which the Time of Sale Prospectus conflicts with the information contained in the Registration Statement then on file, or if, in the opinion of counsel for the Underwriters, it is necessary to amend or supplement the Time of Sale Prospectus to comply with the Securities Act or the Exchange Act (as applicable) and, in each case, the rules and regulations promulgated thereunder, forthwith to prepare, file with the Commission and furnish, at its own expense, to the Underwriters and to any dealer upon request, either amendments or supplements to the Time of Sale Prospectus so that the statements in the Time of Sale Prospectus as so amended or supplemented will not, in the light of the circumstances when the Time of Sale Prospectus is delivered to a prospective purchaser, be misleading or so that the Time of Sale Prospectus, as amended or supplemented, will no longer conflict with the Registration Statement, or so that the Time of Sale Prospectus, as amended or supplemented, will comply with the Securities Act or the Exchange

Act (as applicable) and, in each case, the rules and regulations promulgated thereunder.

(f) If, during such period after the first date of the public offering of the Shares as in the opinion of counsel for the Underwriters the Prospectus (or in lieu thereof the notice referred to in Rule 173(a) of the Securities Act) is required by law to be delivered in connection with sales by an Underwriter or dealer, any event shall occur or condition exist as a result of which it is necessary to amend or supplement the Prospectus in order to make the statements therein, in the light of the circumstances when the Prospectus (or in lieu thereof the notice referred to in Rule 173(a) of the Securities Act) is delivered to a purchaser, not misleading, or if, in the opinion of counsel for the Underwriters, it is necessary to amend or supplement the Prospectus to comply with the Securities Act or the Exchange Act (as applicable) and, in each case, the rules and regulations promulgated thereunder, forthwith to prepare, file with the Commission and furnish, at its own expense, to the Underwriters and to the dealers (whose names and addresses you will furnish to the Company) to which Shares may have been sold by you on behalf of the Underwriters and to any other dealers upon request, either amendments or supplements to the Prospectus so that the statements in the Prospectus as so amended or supplemented will not, in the light of the circumstances when the Prospectus (or in lieu thereof the notice referred to in Rule 173(a) of the Securities Act) is delivered to a purchaser, be misleading or so that the Prospectus, as amended or supplemented, will comply with the Securities Act or the Exchange Act (as applicable) and, in each case, the rules and regulations promulgated thereunder.

(g) To endeavor to qualify the Shares for offer and sale under the securities or Blue Sky laws of such jurisdictions as you shall reasonably request.

(h) To make generally available to the Company's security holders and to you as soon as practicable an earning statement (which need not be audited) covering a period of at least twelve months beginning with the first fiscal quarter of the Company occurring after the date of this Agreement which shall satisfy the provisions of Section 11(a) of the Securities Act and the rules and regulations of the Commission thereunder.

(i) To comply with all applicable securities and other laws, rules and regulations in each jurisdiction in which the Directed Shares are offered in connection with the Directed Share Program.

7. *Expenses.* Whether or not the transactions contemplated in this Agreement are consummated or this Agreement is terminated, the Company agrees to pay or cause to be paid all expenses incident to the performance of its obligations under this Agreement, including: (i) the fees, disbursements and expenses of the Company's counsel and the Company's accountants in connection

with the registration and delivery of the Shares under the Securities Act and all other costs of, and the Company's fees or expenses in connection with, the preparation and filing of the Registration Statement, any preliminary prospectus, the Time of Sale Prospectus, the Prospectus, any free writing prospectus prepared by or on behalf of or, used by, the Company and amendments and supplements to any of the foregoing, including all printing costs associated therewith, and the mailing and delivering of copies thereof to the Underwriters and dealers, in the quantities hereinabove specified, (ii) all costs and expenses related to the transfer and delivery of the Shares to the Underwriters, including any transfer or other taxes payable thereon, (iii) the cost of printing or producing any Blue Sky or Legal Investment memorandum in connection with the offer and sale of the Shares under state securities laws and all expenses in connection with the qualification of the Shares for offer and sale under state securities laws as provided in Section 6(g) hereof, including filing fees and the reasonable fees and disbursements of counsel for the Underwriters in connection with such qualification and in connection with the Blue Sky or Legal Investment memorandum not to exceed \$25,000, (iv) all filing fees and the reasonable fees and disbursements of counsel to the Underwriters incurred in connection with the review and qualification of the offering of the Shares by FINRA, (v) all fees and expenses in connection with the preparation and filing of the registration statement on Form 8-A relating to the Common Stock and all costs and expenses incident to listing the Shares on the New York Stock Exchange and other applicable national securities exchanges and foreign stock exchanges, (vi) the cost of printing certificates representing the Shares, (vii) the costs and charges of any transfer agent, registrar or depository, (viii) the costs and expenses of the Company relating to investor presentations on any "road show" undertaken in connection with the marketing of the offering of the Shares, including, without limitation, expenses associated with the preparation or dissemination of any electronic road show, expenses associated with the production of road show slides and graphics, fees and expenses of any consultants engaged in connection with the road show presentations with the prior approval of the Company, travel and lodging expenses of the representatives and officers of the Company (other than Representatives of the Underwriters) and any such consultants, and half the cost of any aircraft chartered in connection with the road show by the Company or by the Underwriters with the prior written approval of the Company, with the other half of such cost to be paid by the Underwriters, (ix) the document production charges and expenses associated with printing this Agreement and (x) all fees and disbursements of counsel incurred by the Underwriters in connection with the Directed Share Program and stamp duties, similar taxes or duties or other taxes, if any, incurred by the Underwriters in connection with the Directed Share Program and (xi) all other costs and expenses incident to the performance of the obligations of the Company hereunder for which provision is not otherwise made in this Section. It is understood, however, that except as provided in this Section, Section 9 entitled "Indemnity and Contribution," Section 10 entitled "Directed Share

Program Indemnification” and the last paragraph of Section 11 below, the Underwriters will pay all of their costs and expenses, including fees and disbursements of their counsel, stock transfer taxes payable on resale of any of the Shares by them and any advertising expenses connected with any offers they may make.

8. *Covenants of the Underwriters.* Each Underwriter severally covenants with the Company not to take any action that would result in the Company being required to file with the Commission under Rule 433(d) a free writing prospectus prepared by or on behalf of or used or referred to by such Underwriter that otherwise would not be required to be filed by the Company thereunder, but for the action of the Underwriter.

9. *Indemnity and Contribution.* (a) The Company agrees to indemnify and hold harmless each Underwriter, each person, if any, who controls any Underwriter within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act, and each affiliate of any Underwriter within the meaning of Rule 405 under the Securities Act from and against any and all losses, claims, damages and liabilities (including, without limitation, any legal or other expenses reasonably incurred in connection with defending or investigating any such action or claim) caused by (i) any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or any amendment thereof, any preliminary prospectus, the Time of Sale Prospectus, any issuer free writing prospectus as defined in Rule 433(h) under the Securities Act (taken together with the Time of Sale Prospectus), any Company information that the Company has filed, or is required to file, pursuant to Rule 433(d) under the Securities Act (taken together with the Time of Sale Prospectus), or the Prospectus or any amendment or supplement thereto, (ii) with respect to the Registration Statement or any amendment or supplement thereto, the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading or (iii) with respect to any preliminary prospectus, the Time of Sale Prospectus, any issuer free writing prospectus as defined in Rule 433(h) (taken together with the Time of Sale Prospectus), any Company information that the Company has filed, or is required to file, pursuant to Rule 433(d) under the Securities Act (take together with the Time of Sale Prospectus), the Prospectus or any amendment or supplement thereto, the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein in the light of the circumstances under which they were made not misleading, in each case except insofar as such losses, claims, damages or liabilities are caused by any such untrue statement or omission or alleged untrue statement or omission based upon and in conformity with written information furnished to the Company by any Underwriter through the Representatives specifically for use therein, it being understood and agreed that the only such information furnished by any Underwriter consists of the information described as such in Section 9(b) hereof

(b) Each Underwriter agrees, severally and not jointly, to indemnify and hold harmless the Company, the directors of the Company, the officers of the Company who sign the Registration Statement and each person, if any, who controls the Company within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act from and against any and all losses, claims, damages and liabilities (including, without limitation, any legal or other expenses reasonably incurred in connection with defending or investigating any such action or claim) caused by (i) any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or any amendment thereof, any preliminary prospectus, the Time of Sale Prospectus, any issuer free writing prospectus as defined in Rule 433(h) under the Securities Act (taken together with the Time of Sale Prospectus), any Company information that the Company has filed, or is required to file, pursuant to Rule 433(d) under the Securities Act (taken together with the Time of Sale Prospectus), or the Prospectus or any amended or thereto (ii) with respect to the Registration Statement or any amendment or supplement thereto, the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading or (iii) with respect to any preliminary prospectus, the Time of Sale Prospectus, any issuer free writing prospectus as defined in Rule 433(h) (taken together with the Time of Sale Prospectus), any Company information that the Company has filed, or is required to file, pursuant to Rule 433(d) under the Securities Act (take together with the Time of Sale Prospectus), the Prospectus or any amendment or supplement thereto, the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein in the light of the circumstances under which they were made not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to the Company by such Underwriter through the Representatives specifically for use therein, it being understood and agreed that the only such information furnished by any Underwriter consists of the following information in the Prospectus furnished on behalf of any Underwriter: (i) the concession and reallowance figures appearing in the fifth sentence of the second paragraph under the caption "Underwriting," (ii) the information in the sixth paragraph under the caption "Underwriting" relating to sales to discretionary accounts and (iii) the information contained in the twelfth paragraph under the caption "Underwriting" relating to stabilization transactions.

(c) In case any proceeding (including any governmental investigation) shall be instituted involving any person in respect of which indemnity may be sought pursuant to Section 9(a) or 9(b), such person (the "indemnified party") shall promptly notify the person against whom such indemnity may be sought (the "indemnifying party") in writing and the indemnifying party, upon request of the indemnified party, shall retain counsel

reasonably satisfactory to the indemnified party to represent the indemnified party and any others the indemnifying party may designate in such proceeding and shall pay the fees and disbursements of such counsel related to such proceeding. In any such proceeding, any indemnified party shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such indemnified party unless (i) the indemnifying party and the indemnified party shall have mutually agreed to the retention of such counsel or (ii) the named parties to any such proceeding (including any impleaded parties) include both the indemnifying party and the indemnified party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. It is understood that the indemnifying party shall not, in respect of the legal expenses of any indemnified party in connection with any proceeding or related proceedings in the same jurisdiction, be liable for (i) the fees and expenses of more than one separate firm (in addition to any local counsel) for all Underwriters and all persons, if any, who control any Underwriter within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act or who are affiliates of any Underwriter within the meaning of Rule 405 under the Securities Act and (ii) the fees and expenses of more than one separate firm (in addition to any local counsel) for the Company, its directors, its officers who sign the Registration Statement and each person, if any, who controls the Company within the meaning of either such Section. In the case of any such separate firm for the Underwriters and such control persons of any Underwriters, such firm shall be designated in writing by Morgan Stanley and Barclays Capital Inc. In the case of any such separate firm for the Company, and such directors, officers and control persons of the Company, such firm shall be designated in writing by the Company. The indemnifying party shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the indemnifying party agrees to indemnify the indemnified party from and against any loss or liability by reason of such settlement or judgment. Notwithstanding the foregoing sentence, if at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for fees and expenses of counsel as contemplated by the second and third sentences of this paragraph, the indemnifying party agrees that it shall be liable for any settlement of any proceeding effected without its written consent if (i) such settlement is entered into more than 30 days after receipt by such indemnifying party of the aforesaid request and (ii) such indemnifying party shall not have reimbursed the indemnified party in accordance with such request prior to the date of such settlement. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened proceeding in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party, unless such settlement (i) includes an unconditional release of such indemnified party from all liability on claims that are the subject matter of such proceeding and (ii)

does not include a statement as to or an admission of fault, culpability or a failure to act, by or on behalf of any indemnified party.

(d) To the extent the indemnification provided for in Section 9(a) or 9(b) is unavailable to an indemnified party or insufficient in respect of any losses, claims, damages or liabilities referred to therein, then each indemnifying party under such paragraph, in lieu of indemnifying such indemnified party thereunder, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (i) in such proportion as is appropriate to reflect the relative benefits received by the indemnifying party or parties on the one hand and the indemnified party or parties on the other hand from the offering of the Shares or (ii) if the allocation provided by clause 9(d)(i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause 9(d)(i) above but also the relative fault of the indemnifying party or parties on the one hand and of the indemnified party or parties on the other hand in connection with the statements or omissions that resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Underwriters on the other hand in connection with the offering of the Shares shall be deemed to be in the same respective proportions as the net proceeds from the offering of the Shares (before deducting expenses) received by the Company and the total underwriting discounts and commissions received by the Underwriters, in each case as set forth in the table on the cover of the Prospectus, bear to the aggregate Public Offering Price of the Shares. The relative fault of the Company on the one hand and the Underwriters on the other hand shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or by the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Underwriters' respective obligations to contribute pursuant to this Section 9 are several in proportion to the respective number of Shares they have purchased hereunder, and not joint.

(e) The Company and the Underwriters agree that it would not be just or equitable if contribution pursuant to Section 9 were determined by *pro rata* allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation that does not take account of the equitable considerations referred to in Section 9(d). The amount paid or payable by an indemnified party as a result of the losses, claims, damages and liabilities referred to in Section 9(d) shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by

such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 9, no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Shares underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages that such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The remedies provided for in this Section 9 are not exclusive and shall not limit any rights or remedies which may otherwise be available to any indemnified party at law or in equity.

(f) The indemnity and contribution provisions contained in this Section 9 and the representations, warranties and other statements of the Company contained in this Agreement shall remain operative and in full force and effect regardless of (i) any termination of this Agreement, (ii) any investigation made by or on behalf of any Underwriter, any person controlling any Underwriter or any affiliate of any Underwriter, or the Company, its officers or directors or any person controlling the Company and (iii) acceptance of and payment for any of the Shares.

10. *Directed Share Program Indemnification.* (a) The Company agrees to indemnify and hold harmless Morgan Stanley, each person, if any, who controls Morgan Stanley within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act and each affiliate of Morgan Stanley within the meaning of Rule 405 of the Securities Act ("**Morgan Stanley Entities**") from and against any and all losses, claims, damages and liabilities (including, without limitation, any legal or other expenses reasonably incurred in connection with defending or investigating any such action or claim) (i) caused by any untrue statement or alleged untrue statement of a material fact contained in any material prepared by or with the consent of the Company for distribution to Participants in connection with the Directed Share Program or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading; (ii) caused by the failure of any Participant to pay for and accept delivery of Directed Shares that the Participant agreed to purchase; or (iii) related to, arising out of, or in connection with the Directed Share Program, other than losses, claims, damages or liabilities (or expenses relating thereto) that are finally judicially determined to have resulted from the bad faith or gross negligence of Morgan Stanley Entities.

(b) In case any proceeding (including any governmental investigation) shall be instituted involving any Morgan Stanley Entity in respect of which indemnity may be sought pursuant to Section 10(a), the Morgan Stanley Entity

seeing indemnity, shall promptly notify the Company in writing and the Company, upon request of the Morgan Stanley Entity, shall retain counsel reasonably satisfactory to the Morgan Stanley Entity to represent the Morgan Stanley Entity and any others the Company may designate in such proceeding and shall pay the fees and disbursements of such counsel related to such proceeding. In any such proceeding, any Morgan Stanley Entity shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Morgan Stanley Entity unless (i) the Company shall have agreed to the retention of such counsel or (ii) the named parties to any such proceeding (including any impleaded parties) include both the Company and the Morgan Stanley Entity and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. The Company shall not, in respect of the legal expenses of the Morgan Stanley Entities in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for all Morgan Stanley Entities. Any such separate firm for the Morgan Stanley Entities shall be designated in writing by Morgan Stanley. The Company shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the Company agrees to indemnify the Morgan Stanley Entities from and against any loss or liability by reason of such settlement or judgment. Notwithstanding the foregoing sentence, if at any time a Morgan Stanley Entity shall have requested the Company to reimburse it for fees and expenses of counsel as contemplated by the second and third sentences of this paragraph, the Company agrees that it shall be liable for any settlement of any proceeding effected without its written consent if (i) such settlement is entered into more than 30 days after receipt by the Company of the aforesaid request and (ii) the Company shall not have reimbursed the Morgan Stanley Entity in accordance with such request prior to the date of such settlement. The Company shall not, without the prior written consent of Morgan Stanley, effect any settlement of any pending or threatened proceeding in respect of which any Morgan Stanley Entity is or could have been a party and indemnity could have been sought hereunder by such Morgan Stanley Entity, unless such settlement includes an unconditional release of the Morgan Stanley Entities from all liability on claims that are the subject matter of such proceeding.

(c) To the extent the indemnification provided for in Section 10(a) is unavailable to a Morgan Stanley Entity or insufficient in respect of any losses, claims, damages or liabilities referred to therein, then the Company in lieu of indemnifying the Morgan Stanley Entity thereunder, shall contribute to the amount paid or payable by the Morgan Stanley Entity as a result of such losses, claims, damages or liabilities (i) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Morgan Stanley Entities on the other hand from the offering of the Directed Shares or (ii) if the allocation provided by clause 10(c)(i) above is not permitted by applicable

law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause 10(c)(i) above but also the relative fault of the Company on the one hand and of the Morgan Stanley Entities on the other hand in connection with any statements or omissions that resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Morgan Stanley Entities on the other hand in connection with the offering of the Directed Shares shall be deemed to be in the same respective proportions as the net proceeds from the offering of the Directed Shares (before deducting expenses) and the total underwriting discounts and commissions received by the Morgan Stanley Entities for the Directed Shares bear to the aggregate Public Offering Price of the Directed Shares. If the loss, claim, damage or liability is caused by an untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact, the relative fault of the Company on the one hand and the Morgan Stanley Entities on the other hand shall be determined by reference to, among other things, whether the untrue or alleged untrue statement or the omission or alleged omission relates to information supplied by the Company or by the Morgan Stanley Entities and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

(d) The Company and the Morgan Stanley Entities agree that it would not be just or equitable if contribution pursuant to this Section 10 were determined by *pro rata* allocation (even if the Morgan Stanley Entities were treated as one entity for such purpose) or by any other method of allocation that does not take account of the equitable considerations referred to in Section 10(c). The amount paid or payable by the Morgan Stanley Entities as a result of the losses, claims, damages and liabilities referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by the Morgan Stanley Entities in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 10, no Morgan Stanley Entity shall be required to contribute any amount in excess of the amount by which the total price at which the Directed Shares distributed to the Participants were offered to the Participants exceeds the amount of any damages that such Morgan Stanley Entity has otherwise been required to pay. The remedies provided for in this Section 10 are not exclusive and shall not limit any rights or remedies which may otherwise be available to any indemnified party at law or in equity.

The indemnity and contribution provisions contained in this Section 10 shall remain operative and in full force and effect regardless of (i) any termination of this Agreement, (ii) any investigation made by or on behalf of any Morgan Stanley Entity or the Company, its officers or directors or any person controlling the Company and (iii) acceptance of and payment for any of the Directed Shares.

11. *Termination.* The Underwriters may terminate this Agreement by notice given by you to the Company, if after the execution and delivery of this Agreement and prior to the Closing Date (i) trading generally shall have been suspended or materially limited on, or by, as the case may be, any of the New York Stock Exchange, the American Stock Exchange, the NASDAQ Global Market, the Chicago Board of Options Exchange, the Chicago Mercantile Exchange or the Chicago Board of Trade or other relevant exchanges, (ii) trading of any securities of the Company shall have been suspended on any exchange or in any over-the-counter market, (iii) a material disruption in securities settlement, payment or clearance services in the United States or other relevant jurisdictions shall have occurred, (iv) any moratorium on commercial banking activities shall have been declared by Federal or New York State authorities or (v) there shall have occurred any outbreak or escalation of hostilities, or any change in financial markets, or any calamity or crisis that, in your judgment, is material and adverse and which, singly or together with any other event specified in this clause (v), makes it, in your judgment, impracticable or inadvisable to proceed with the offer, sale or delivery of the Shares on the terms and in the manner contemplated in the Time of Sale Prospectus or the Prospectus.

12. *Effectiveness; Defaulting Underwriters.* This Agreement shall become effective upon the execution and delivery hereof by the parties hereto.

If, on the Closing Date or an Option Closing Date, as the case may be, any one or more of the Underwriters shall fail or refuse to purchase Shares that it has or they have agreed to purchase hereunder on such date, and the aggregate number of Shares which such defaulting Underwriter or Underwriters agreed but failed or refused to purchase is not more than one-tenth of the aggregate number of the Shares to be purchased on such date, the other Underwriters shall be obligated severally in the proportions that the number of Firm Shares set forth opposite their respective names in Schedule I hereto bears to the aggregate number of Firm Shares set forth opposite the names of all such non-defaulting Underwriters, or in such other proportions as you may specify, to purchase the Shares which such defaulting Underwriter or Underwriters agreed but failed or refused to purchase on such date; *provided* that in no event shall the number of Shares that any Underwriter has agreed to purchase pursuant to this Agreement be increased pursuant to this Section 12 by an amount in excess of one-ninth of such number of Shares without the written consent of such Underwriter. If, on the Closing Date, any Underwriter or Underwriters shall fail or refuse to purchase Firm Shares and the aggregate number of Firm Shares with respect to which such default occurs is more than one-tenth of the aggregate number of Firm Shares to be purchased on such date, and arrangements satisfactory to you and the Company for the purchase of such Firm Shares are not made within 36 hours after such default, this Agreement shall terminate without liability on the part of any non-defaulting Underwriter or the Company. In any such case either you or the Company shall have the right to

postpone the Closing Date, but in no event for longer than seven days, in order that the required changes, if any, in the Registration Statement, in the Time of Sale Prospectus, in the Prospectus or in any other documents or arrangements may be effected. If, on an Option Closing Date, any Underwriter or Underwriters shall fail or refuse to purchase Additional Shares and the aggregate number of Additional Shares with respect to which such default occurs is more than one-tenth of the aggregate number of Additional Shares to be purchased on such Option Closing Date, the non-defaulting Underwriters shall have the option to (i) terminate their obligation hereunder to purchase the Additional Shares to be sold on such Option Closing Date or (ii) purchase not less than the number of Additional Shares that such non-defaulting Underwriters would have been obligated to purchase in the absence of such default. Any action taken under this paragraph shall not relieve any defaulting Underwriter from liability in respect of any default of such Underwriter under this Agreement.

If this Agreement shall be terminated by the Underwriters, or any of them, because of any failure or refusal on the part of the Company to comply with the terms or to fulfill any of the conditions of this Agreement, or if for any reason any the Company shall be unable to perform its obligations under this Agreement, the Company will reimburse the Underwriters or such Underwriters as have so terminated this Agreement with respect to themselves, severally, for all out-of-pocket expenses (including the fees and disbursements of their counsel) reasonably incurred by such Underwriters in connection with this Agreement or the offering contemplated hereunder.

13. *Entire Agreement.* (a) This Agreement, together with any contemporaneous written agreements and any prior written agreements (to the extent not superseded by this Agreement) that relate to the offering of the Shares, represents the entire agreement between the Company, on the one hand, and the Underwriters, on the other, with respect to the preparation of any preliminary prospectus, the Time of Sale Prospectus, the Prospectus, the conduct of the offering, and the purchase and sale of the Shares.

(b) The Company acknowledges that in connection with the offering of the Shares: (i) the Underwriters have acted at arms length, are not agents of, and owe no fiduciary duties to, the Company or any other person, (ii) the Underwriters owe the Company only those duties and obligations set forth in this Agreement and prior written agreements (to the extent not superseded by this Agreement), if any, and (iii) the Underwriters may have interests that differ from those of the Company. The Company waives to the full extent permitted by applicable law any claims it may have against the Underwriters arising from an alleged breach of fiduciary duty in connection with the offering of the Shares.

14. *Counterparts.* This Agreement may be signed in two or more counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

15. *Applicable Law.* This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York.

16. *Headings.* The headings of the sections of this Agreement have been inserted for convenience of reference only and shall not be deemed a part of this Agreement.

17. *Notices.* All communications hereunder shall be in writing and effective only upon receipt and if to the Underwriters shall be delivered, mailed or sent to you in care of Morgan Stanley & Co. Incorporated, 1585 Broadway, New York, New York 10036, Attention: Equity Syndicate Desk, with a copy to the Legal Department; and in the case of Barclays Capital Inc., 745 Seventh Avenue, New York, New York 10019, Attention: Equity Syndication Desk, with a copy to the Legal Department; and if to the Company shall be delivered, mailed or sent to 8283 Greensboro Drive, McLean, Virginia 22102, Attention: Chief Financial Officer and with copies to 8283 Greensboro Drive, McLean, Virginia 22102, Attention: Deputy General Counsel and Debevoise & Plimpton LLP, 919 Third Avenue, New York, New York 10022, Attention: Matthew Kaplan.

Very truly yours,

Booz Allen Hamilton Holding Corporation

By: _____

Name:

Title:

Accepted as of the date hereof

Morgan Stanley & Co. Incorporated
Barclays Capital Inc.

Acting severally on behalf of themselves and
the several Underwriters named in
Schedule I hereto

By: Morgan Stanley & Co. Incorporated

By: _____
Name:
Title:

By: Barclays Capital Inc.

By: _____
Name:
Title:

Underwriter	Number of Firm Shares To Be Purchased
Morgan Stanley & Co. Incorporated	
Barclays Capital Inc.	
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
Credit Suisse Securities (USA) LLC	
Stifel Nicolaus & Company, Incorporated	
BB&T Capital Markets, a division of Scott & Stringfellow, LLC	
Lazard Capital Markets LLC	
Raymond James & Associates, Inc.	
Total:	

1. Preliminary Prospectus issued [date]
2. [Any free writing prospectuses filed by the Company under Rule 433(d) of the Securities Act to be identified]
3. [Any free writing prospectus containing a description of terms that does not reflect final terms, if the Time of Sale Prospectus does not include a pricing sheet, to be identified]
4. [Any orally communicated pricing information to be included on Schedule II if a pricing term sheet is not used]

Explorer Coinvest LLC
Ralph W. Shrader
Samuel R. Strickland
CG Appleby
Horacio D. Rozanski
Joseph E. Garner
Francis J. Henry, Jr.
Lloyd Howell, Jr.
Joseph Logue
Joseph W. Mahaffee
John D. Mayer
John M. McConnell
Patrick F. Peck
Peter Clare
Ian Fujiyama
Allan M. Holt
Philip A. Odeen
Charles O. Rossotti

[FORM OF LOCK-UP LETTER]

_____, 2010

Morgan Stanley & Co. Incorporated
Barclays Capital Inc.

c/o Morgan Stanley & Co. Incorporated
1585 Broadway
New York, New York 10036

c/o Barclays Capital Inc.
745 Seventh Avenue
New York, New York 10019

The undersigned understands that Morgan Stanley & Co. Incorporated and Barclays Capital Inc., as representatives (the "**Representatives**") of the several underwriters (together with the Representatives, the "**Underwriters**"), propose to enter into an Underwriting Agreement (the "**Underwriting Agreement**") with Booz Allen Hamilton Holding Corporation, a Delaware corporation (the "**Company**"), providing for the public offering (the "**Public Offering**") by the Underwriters, of shares (the "**Shares**") of the Class A common stock, par value \$0.01 per share, of the Company (the "**Common Stock**").

To induce the Underwriters that may participate in the Public Offering to continue their efforts in connection with the Public Offering, the undersigned hereby agrees that, without the prior written consent of the Representatives on behalf of the Underwriters, the undersigned will not, during the period commencing on the date hereof and ending 180 days (the "**restricted period**") after the date of the final prospectus relating to the Public Offering (the "**Prospectus**"), (1) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any shares of Common Stock beneficially owned (as such term is used in Rule 13d-3 of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**")), by the undersigned or any other securities so owned convertible into or exercisable or exchangeable for Common Stock or (2) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Common Stock, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of Common Stock or such other securities, in cash or otherwise. The

foregoing sentence shall not apply to (a) transactions relating to shares of Common Stock or other securities acquired in open market transactions after the completion of the Public Offering, *provided* that no filing under Section 16(a) of the Exchange Act shall be required or shall be voluntarily made during the restricted period in connection with subsequent sales of Common Stock or other securities acquired in such open market transactions, (b) transfers of shares of Common Stock or any security convertible into Common Stock by bona fide gift, will or intestacy, (c) distributions of shares of Common Stock or any security convertible into Common Stock to general or limited partners, members or stockholders of the undersigned and partnerships or limited liability companies for the benefit of the immediate family of the undersigned and the partners and members of which are only the undersigned and the immediate family of the undersigned, (d) distributions of shares of Common Stock or any security convertible into Common Stock to any trust for the direct or indirect benefit of the undersigned or the immediate family of the undersigned or (e) dispositions of shares of Common Stock to the Company (A) to satisfy tax withholding obligations in connection with the exercise of options to purchase Common Stock or (B) in connection with the rights of the Company to cause the undersigned to sell shares of Common Stock in effect on the date hereof; provided that in the case of any transfer or distribution pursuant to clause (b), (c) or (d), (i) each donee, distributee, trustee or transferee shall sign and deliver a lock-up letter substantially in the form of this letter and (ii) no filing under Section 16(a) of the Exchange Act, reporting a reduction in beneficial ownership of shares of Common Stock, shall be required or shall be voluntarily made during the restricted period (other than a Form 5 required to be filed within the 45 calendar days following March 31, 2011 and filed during such 45 calendar day period or thereafter). For the purposes of this agreement, "immediate family" shall include any spouse, or any lineal ancestor or descendant, niece, nephew, adopted child, or sibling of him or her or of such spouse, niece, nephew or adopted child. In addition, the undersigned agrees that, without the prior written consent of the Representatives on behalf of the Underwriters, it will not, during the period commencing on the date hereof and ending upon expiration of the restricted period (as the same may be extended as provided herein), make any demand for or exercise any right with respect to, the registration of any shares of Common Stock or any security convertible into or exercisable or exchangeable for Common Stock. The undersigned also agrees and consents to the entry of stop transfer instructions with the Company's transfer agent and registrar against the transfer of the undersigned's shares of Common Stock except in compliance with the foregoing restrictions.

If:

(1) during the last 17 days of the restricted period the Company issues an earnings release or material news or a material event relating to the Company occurs; or

(2) prior to the expiration of the restricted period, the Company announces that it will release earnings results during the 16-day period beginning on the last day of the restricted period;

the restrictions imposed by this agreement shall continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event.

The undersigned shall not engage in any transaction that may be restricted by this agreement during the 34-day period beginning on the last day of the initial restricted period unless the undersigned requests and receives prior written confirmation from the Company that the restrictions imposed by this agreement have expired.

The undersigned understands that the Company and the Underwriters are relying upon this agreement in proceeding toward consummation of the Public Offering. The undersigned further understands that this agreement is irrevocable and shall be binding upon the undersigned's heirs, legal representatives, successors and assigns.

Whether or not the Public Offering actually occurs depends on a number of factors, including market conditions. Any Public Offering will only be made pursuant to an Underwriting Agreement, the terms of which are subject to negotiation between the Company and the Underwriters.

Notwithstanding anything to the contrary, if the closing of the sale of the Shares to the Underwriters pursuant to the Underwriting Agreement has not occurred prior to December 31, 2010, this agreement shall terminate and have no further force or effect.

Very truly yours,

(Name)

(Address)

Ladies and Gentlemen:

I, Samuel R. Strickland, Executive Vice President, Chief Financial Officer and Chief Administrative Officer, of Booz Allen Hamilton Holding Corporation (the "Company"), have responsibility for financial matters with respect to the Company.

In connection with the preliminary prospectus, dated October __, 2010 (the "Preliminary Prospectus"), relating to the sale by the Company of [*] shares of the Company's Class A common stock, par value \$0.01 per share, and Schedule II to the Underwriting Agreement, dated of October __, 2010 (together with the Preliminary Prospectus, the "Time of Sale Prospectus"), I hereby certify that the financial information included in the Time of Sale Prospectus and circled in Exhibit A attached hereto has been compared to or computed from, and found to be in agreement with: (i) the preliminary financial statements and accounting records, as applicable, of the Company for the period ended September 30, 2010 as updated to the date of the Time of Sale Prospectus; (ii) the Company's general ledger or other accounting books and records for the periods indicated; and/or (iii) a schedule or report prepared by the Company from the Company's accounting and/or operational records.

Very truly yours,

By: _____
Name: Samuel R. Strickland
Title: Executive Vice President, Chief Financial Officer
and Chief Administrative Officer

FORM OF

BOOZ ALLEN HAMILTON HOLDING CORPORATION

SECOND AMENDED AND RESTATED BYLAWS

As Adopted on [•], 2010

BOOZ ALLEN HAMILTON HOLDING CORPORATION

SECOND AMENDED AND RESTATED BYLAWS

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BOOZ ALLEN HAMILTON HOLDING CORPORATION

SECOND AMENDED AND RESTATED BYLAWS

As adopted on [•], 2010

ARTICLE I

MEETINGS OF STOCKHOLDERS

Section 1.01 Annual Meetings. The annual meeting of the stockholders of the Booz Allen Hamilton Holding Corporation (the "Corporation") for the election of directors (each, a "Director") and for the transaction of such other business as properly may come before such meeting shall be held each year either within or without the State of Delaware at such place, if any, and on such date and at such time, as may be fixed from time to time by resolution of the Corporation's board of Directors (the "Board") and set forth in the notice or waiver of notice of the meeting, unless, subject to Section 1.11 of these bylaws and the certificate of incorporation of the Corporation, the stockholders have acted by written consent to elect Directors as permitted by the General Corporation Law of the State of Delaware, as amended from time to time (the "DGCL").

Section 1.02 Special Meetings. A special meeting of the stockholders for any purpose may be called at any time only by or at the direction of the Board pursuant to a resolution of the Board adopted by a majority of the total number of Directors then in office. Any special meeting of the stockholders shall be held at such place, if any, within or without the State of Delaware, and on such date and at such time, as shall be specified in such resolution. The stockholders of the Corporation do not have the power to call a special meeting.

Section 1.03 Participation in Meetings by Remote Communication. The Board, acting in its sole discretion, may establish guidelines and procedures in accordance with applicable provisions of the DGCL and any other applicable law for the participation by stockholders and proxyholders in a meeting of stockholders by means of remote communications, and may determine that any meeting of stockholders will not be held at any place but will be held solely by means of remote communication. Stockholders and proxyholders complying with such procedures and guidelines and otherwise entitled to vote at a meeting of stockholders shall be deemed present in person and entitled to vote at a meeting of stockholders, whether such meeting is to be held at a designated place or solely by means of remote communication.

Section 1.04 Notice of Meetings; Waiver of Notice.

(a) The Secretary or any Assistant Secretary shall cause notice of each meeting of stockholders to be given in writing in a manner permitted by the DGCL not less than 10 days nor more than 60 days prior to the meeting to each stockholder of record entitled to vote at such meeting, subject to such exclusions as are then permitted by the DGCL. The notice shall specify (i) the place, if any, date and time of such meeting, (ii) the means of remote communications, if any, by which stockholders and

proxy holders may be deemed to be present in person and vote at such meeting, (iii) in the case of a special meeting, the purpose or purposes for which such meeting is called and (iv) such other information as may be required by law or as may be deemed appropriate by the Board, the President or the Secretary of the Corporation. If the stockholder list referred to in Section 1.06 of these bylaws is made accessible on an electronic network, the notice of meeting must indicate how the stockholder list can be accessed. If the meeting of stockholders is to be held solely by means of electronic communications, the notice of meeting must provide the information required to access such stockholder list during the meeting.

(b) A written waiver of notice of meeting signed by a stockholder or a waiver by electronic transmission by a stockholder, whether given before or after the meeting time stated in such notice, is deemed equivalent to notice. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders need be specified in a waiver of notice. Attendance of a stockholder at a meeting is a waiver of notice of such meeting, except when the stockholder attends a meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business at the meeting on the ground that the meeting is not lawfully called or convened.

Section 1.05 Proxies.

(a) Each stockholder entitled to vote at a meeting of stockholders or to express consent to or dissent from corporate action in writing without a meeting may authorize another person or persons to act for such stockholder by proxy.

(b) A stockholder may authorize a valid proxy by executing a written instrument signed by such stockholder, or by causing his or her signature to be affixed to such writing by any reasonable means, including but not limited to by facsimile signature, or by transmitting or authorizing an electronic transmission (as defined in Section 8.08 of these bylaws) setting forth an authorization to act as proxy to the person designated as the holder of the proxy, a proxy solicitation firm or a like authorized agent. Proxies by electronic transmission must either set forth, or be submitted with, information from which it can be determined that the electronic transmission was authorized by the stockholder. Any copy, facsimile telecommunication or other reliable reproduction of a writing or transmission created pursuant to this section may be substituted or used in lieu of the original writing or transmission for any and all purposes for which the original writing or transmission could be used if such copy, facsimile telecommunication or other reproduction is a complete reproduction of the entire original writing or transmission.

(c) No proxy may be voted or acted upon after the expiration of three years from the date of such proxy, unless such proxy provides for a longer period. Every proxy is revocable at the pleasure of the stockholder executing it unless the proxy states that it is irrevocable and applicable law makes it irrevocable. A stockholder may revoke any proxy that is not irrevocable by attending the meeting and voting in person or by filing an instrument in writing revoking the proxy or by filing another duly executed proxy bearing a later date with the Secretary.

Section 1.06 Voting Lists. The officer of the Corporation who has charge of the stock ledger of the Corporation shall prepare, at least 10 days before every meeting of the stockholders (and before any adjournment thereof for which a new record date has been set), a complete list of the stockholders of record entitled to vote at the meeting, arranged in alphabetical order and showing the address of each stockholder and the number of shares registered in the name of each stockholder. This list, which may be in any format including electronic format, shall be open to the examination of any stockholder prior to and during the meeting for any purpose germane to the meeting in the manner required by the DGCL and other applicable law. The stock ledger shall be the only evidence as to who are the stockholders entitled by this section to examine the list required by this section or to vote in person or by proxy at any meeting of stockholders.

Section 1.07 Quorum. Except as otherwise provided in the certificate of incorporation or by law, the presence in person or by proxy of the holders of record of a majority of the shares entitled to vote at a meeting of stockholders shall constitute a quorum for the transaction of business at such meeting, provided, however, that where a separate vote by a class or series is required, the holders of a majority in voting power of all issued and outstanding stock of such class or series entitled to vote on such matter, present in person or represented by proxy, shall constitute a quorum entitled to take action with respect to such matter. In the absence of a quorum, the stockholders so present may, by a majority in voting power thereof, adjourn the meeting from time to time in the manner provided in Section 1.09 of these bylaws until a quorum shall attend.

Section 1.08 Voting. Except as otherwise provided in the certificate of incorporation or by law, every holder of record of shares entitled to vote at a meeting of stockholders is entitled to one vote for each share outstanding in his or her name on the books of the Corporation (x) at the close of business on the record date for such meeting, or (y) if no record date has been fixed, at the close of business on the day next preceding the day on which notice of the meeting is given, or if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. Except as otherwise required by law, the certificate of incorporation, these bylaws, the rules and regulations of any stock exchange applicable to the Corporation or pursuant to any other rule or regulation applicable to the Corporation or its stockholders, the vote of a majority of the shares entitled to vote at a meeting of stockholders on the subject matter in question represented in person or by proxy at any meeting at which a quorum is present shall be sufficient for the transaction of any business at such meeting. The stockholders do not have the right to cumulate their votes for the election of Directors.

Section 1.09 Adjournment. Any meeting of stockholders may be adjourned from time to time, by the chairperson of the meeting or by the vote of a majority of the shares of stock present in person or represented by proxy at the meeting, to reconvene at the same or some other place, and notice need not be given of any such adjourned meeting if the place, if any, and date and time thereof (and the means of remote communication, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting) are announced at the meeting at which the adjournment is taken unless the adjournment is for more than 30 days or a new record date is fixed for the adjourned meeting after the adjournment, in which case notice of the adjourned meeting

in accordance with Section 1.04 of these bylaws shall be given to each stockholder of record entitled to vote at the meeting. At the adjourned meeting, the Corporation may transact any business that might have been transacted at the original meeting.

Section 1.10 Organization; Procedure; Inspection of Elections.

(a) At every meeting of stockholders the presiding officer shall be the Chairman of the Board, or in the event of his or her absence or disability, a presiding officer chosen by resolution of the Board. The Secretary, or in the event of his or her absence or disability, the Assistant Secretary, if any, or if there be no Assistant Secretary, in the absence of the Secretary, an appointee of the presiding officer, shall act as secretary of the meeting. The Board may make such rules or regulations for the conduct of meetings of stockholders as it shall deem necessary, appropriate or convenient. Subject to any such rules and regulations, the presiding officer of any meeting shall have the right and authority to prescribe rules, regulations and procedures for such meeting and to take all such actions as in the judgment of the presiding officer are appropriate for the proper conduct of such meetings. Such rules, regulations or procedures, whether adopted by the Board or prescribed by the presiding officer of the meeting, may include, without limitation, the following: (i) the establishment of an agenda or order of business for the meeting; (ii) rules and procedures for maintaining order at the meeting and the safety of those present; (iii) limitations on attendance at or participation in the meeting to stockholders of record of the Corporation, their duly authorized and constituted proxies or such other persons as the presiding person of the meeting shall determine; (iv) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (v) limitations on the time allotted to questions or comments by participants. The presiding officer at any meeting of stockholders, in addition to making any other determinations that may be appropriate to the conduct of the meeting, shall, if the facts warrant, determine and declare to the meeting that a matter or business was not properly brought before the meeting and if such presiding person should so determine, such presiding person shall so declare to the meeting and any such matter of business not properly brought before the meeting shall not be transacted or considered. Unless and to the extent determined by the Board or the person presiding over the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

(b) Preceding any meeting of the stockholders, the Board may, and when required by law shall, appoint one or more persons to act as inspectors of elections, and may designate one or more alternate inspectors. If no inspector or alternate so appointed by the Board is able to act, or if no inspector or alternate has been appointed and the appointment of an inspector is required by law, the person presiding at the meeting shall appoint one or more inspectors to act at the meeting. No Director or nominee for the office of Director shall be appointed as an inspector of elections. Each inspector, before entering upon the discharge of the duties of an inspector, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his or her ability. The inspectors shall discharge their duties in accordance with the requirements of applicable law.

Section 1.11 Stockholder Action by Written Consent.

(a) Until the Effective Date (as such term is defined in the certificate of incorporation) and except as otherwise provided in the certificate of incorporation, any action required or permitted to be taken at an annual or special meeting of the stockholders may be taken without a meeting, without prior notice and without a vote of stockholders, if a consent or consents in writing, setting forth the action so taken, are: (i) signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted (but not less than the minimum number of votes otherwise prescribed by law) and (ii) delivered to the Corporation by delivery to its registered office in the State of Delaware, its principal place of business, or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded within 60 days of the earliest dated consent so delivered to the Corporation.

(b) From and after the Effective Date and except as otherwise provided in the certificate of incorporation, any action required or permitted to be taken at any annual or special meeting of stockholders of the Corporation may be taken only upon the vote of the stockholders at an annual or special meeting duly called and may not be taken by written consent of the stockholders.

(c) If a stockholder action by written consent is permitted under these bylaws and the certificate of incorporation, and the Board has not fixed a record date for the purpose of determining the stockholders entitled to participate in such consent to be given, then: (i) if the DGCL does not require action by the Board prior to the proposed stockholder action, the record date shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation at any of the locations referred to in Section 1.11(a)(ii) of these bylaws; and (ii) if the DGCL requires action by the Board prior to the proposed stockholder action, the record date shall be at the close of business on the day on which the Board adopts the resolution taking such prior action. Every written consent to action without a meeting shall bear the date of signature of each stockholder who signs the consent, and shall be valid if timely delivered to the Corporation at any of the locations referred to in Section 1.11(a)(ii) of these bylaws.

(d) The Secretary shall give prompt notice of the taking of an action without a meeting by less than unanimous written consent to those stockholders who have not consented in writing and who, if the action had been taken at a meeting, would have been entitled to notice of the meeting if the record date for such meeting had been the date that written consents signed by a sufficient number of stockholders to take the action were delivered to the Corporation in accordance with the DGCL.

Section 1.12 Notice of Stockholder Proposals and Nominations.

(a) Annual Meetings.

(i) Nominations of persons for election to the Board and proposals of business to be considered by the stockholders at an annual meeting of stockholders may be made only (x) as specified in the Corporation's notice of meeting (or any notice supplemental thereto), (y) by or at the direction of the Board, or a committee appointed by the Board for such purpose, or (z) subject to the provisions of the Amended and Restated Stockholders Agreement among the Corporation and certain of its stockholders, dated as of [_____], 2010 (as amended from time to time, the "Stockholders Agreement"), by any stockholder of the Corporation who or which (1) is entitled to vote at the meeting, (2) complies in a timely manner with all notice procedures set forth in this Section 1.12, and (3) is a stockholder of record when the required notice is delivered and at the date of the meeting. A stockholder proposal must constitute a proper matter for corporate action under the DGCL.

(ii) Notice in writing of a stockholder nomination or stockholder proposal must be delivered to the attention of the Secretary at the principal place of business of the Corporation not fewer than 90 days nor more than 120 days prior to the first anniversary of the preceding year's annual meeting (which anniversary date, in the case of the first annual meeting of stockholders following the closing of the Corporation's initial underwritten public offering of common stock, shall be deemed to be August 15, 2011) provided that if the date of the annual meeting is advanced by more than 30 days or delayed by more than 70 days from such anniversary date of the preceding year's annual meeting, notice by the stockholder to be timely must be so delivered not earlier than 120 days prior to such annual meeting and not later than the close of business on the later of the 90th day prior to such annual meeting or the 10th day following the day on which public announcement of the date of such meeting is first made. If the number of Directors to be elected to the Board at an annual meeting is increased, and if the Corporation does not make a public announcement naming all of the nominees for Director or specifying the size of the increased Board at least 100 days prior to the first anniversary of the preceding year's annual meeting, then any stockholder nomination in respect of the increased number of positions shall be considered timely if delivered not later than the close of business on the 10th day following the day on which a public announcement naming all nominees or specifying the size of the increased Board is first made by the Corporation.

(iii) Notice of a stockholder nomination shall include, as to each person whom the stockholder proposes to nominate for election or re-election as a Director, all information relating to such person required to be disclosed in solicitations of proxies for election of Directors or is otherwise required, in each case pursuant to and in accordance with Section 14(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and the rules and regulations promulgated thereunder, including such person's written consent to being named in the proxy statement as a nominee and to serving as a Director if elected. Notice of a stockholder proposal shall include a brief description of the business desired to be brought before the meeting, the text of the proposal (including the text of any resolutions proposed for consideration and if such business includes proposed amendments to the certificate of incorporation and/or bylaws of the Corporation, the text of the proposed amendments), the reasons for conducting such

business at the meeting and any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made.

(iv) Notice of a stockholder nomination or proposal shall also set forth, as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made:

(1) the name and address of such stockholder, as they appear on the Corporation's books and records, and of such beneficial owner;

(2) the class or series and number of shares of capital stock of the Corporation which are owned beneficially and of record by such stockholder and such beneficial owner;

(3) a description of any agreement, arrangement or understanding between or among such stockholder and any such beneficial owner, any of their respective affiliates or associates, and any other person or persons (including their names) in connection with the proposal of such nomination or other business;

(4) a description of any agreement, arrangement or understanding (including, regardless of the form of settlement, any derivative, long or short positions, profit interests, forwards, futures, swaps, options, warrants, convertible securities, stock appreciation or similar rights, hedging transactions and borrowed or loaned shares) that has been entered into by or on behalf of, or any other agreement, arrangement or understanding that has been made, the effect or intent of which is to create or mitigate loss to, manage risk or benefit of share price changes for, or increase or decrease the voting power of, such stockholder or any such beneficial owner or any such nominee with respect to the Corporation's securities (a "Derivative Instrument");

(5) to the extent not disclosed pursuant to clause (4) above, the principal amount of any indebtedness of the Corporation or any of its subsidiaries beneficially owned by such stockholder or by any such beneficial owner, together with the title of the instrument under which such indebtedness was issued and a description of any Derivative Instrument entered into by or on behalf of such stockholder or such beneficial owner relating to the value or payment of any indebtedness of the Corporation or any such subsidiary;

(6) a representation that the stockholder is a holder of record of stock of the Corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to propose such business or nomination; and

(7) a representation as to whether the stockholder or the beneficial owner, if any, intends or is part of a group which intends (x) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Corporation's outstanding capital stock required to elect the nominee or to approve or adopt the proposal or and/or (y) otherwise to solicit proxies from stockholders in support of such nomination or proposal.

If requested by the Corporation, the information required under clauses (iv)(2), (3), (4) and (5) of the preceding sentence of this Section 1.12(a) shall be supplemented by such stockholder and any such beneficial owner not later than 10 days after the record date for notice of the meeting to disclose such information as of such record date. The foregoing notice requirements of this Section 1.12(a) shall be deemed satisfied by a stockholder with respect to business or a nomination if the stockholder has notified the Corporation of his or her intention to present a proposal or make a nomination at an annual meeting in compliance with the applicable rules and regulations promulgated under the Exchange Act and such stockholder's proposal or nomination has been included in a proxy statement that has been prepared by the Corporation to solicit proxies for such annual meeting.

(b) Special Meetings.

(i) Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting pursuant to Section 1.04 of these bylaws. Nominations of persons for election to the Board at a special meeting of stockholders may be made only (x) as specified in the Corporation's notice of meeting (or any supplement thereto), (y) by or at the direction of the Board, or a committee appointed by the Board for such purpose, if the Corporation's notice of meeting indicated that the purposes of meeting included the election of Directors and specified the number of Directors to be elected, or (z) subject to the provisions of these bylaws, by any stockholder of the Corporation. Subject to the provisions of the Stockholders Agreement, a stockholder may nominate persons for election to the board (a "stockholder nomination") at a special meeting only if the stockholder (1) is entitled to vote at the meeting, (2) complies in a timely manner with the notice procedures set forth in paragraph (ii) of this Section 1.12(b), and (3) is a stockholder of record when the required notice is delivered and at the date of the meeting.

(ii) Notice in writing of a stockholder nomination must be delivered to the attention of the Secretary at the principal place of business of the Corporation not more than 120 days prior to the date of the meeting and not later than the close of business on the later of the 90th day prior to the meeting or the 10th day following the last to occur of the public announcement by the Corporation of the date of such meeting and the public announcement by the Corporation of the nominees proposed by the Board to be elected at such meeting, and must comply with the provisions of Sections 1.12(a)(iii) and (iv) of these bylaws. The foregoing notice requirements of this Section 1.12(b) shall be deemed satisfied by a stockholder with respect to a nomination if the stockholder has notified the Corporation of his or her intention to present a nomination at such special meeting in compliance with the applicable rules and regulations promulgated under the Exchange Act and such stockholder's nomination has been included in a proxy statement that has been prepared by the Corporation to solicit proxies for such special meeting.

(c) General.

(i) Except as otherwise expressly provided in any applicable rule or regulation promulgated under the Exchange Act, only such persons who are nominated in

accordance with the procedures set forth in this Section 1.12 shall be eligible to be elected at an annual or special meeting of stockholders of the Corporation to serve as directors and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 1.12. Except as otherwise provided by law, the certificate of incorporation or these bylaws, the presiding officer of a meeting of stockholders shall have the power and duty (x) to determine whether a nomination or any business proposed to be brought before the meeting was made in accordance with the procedures set forth in this Section 1.12, and (y) if any proposed nomination or business is not in compliance with this Section 1.12, to declare that such defective nomination shall be disregarded or that such proposed business shall not be transacted.

(ii) The Corporation may require any proposed stockholder nominee for Director to furnish such other information as it may reasonably require to determine the eligibility of such proposed nominee to serve as a Director of the Corporation. If the stockholder (or a qualified representative of the stockholder) making a nomination or proposal under this Section 1.12 does not appear at a meeting of stockholders to present such nomination or proposal, the nomination shall be disregarded and/or the proposed business shall not be transacted, as the case may be, notwithstanding that proxies in favor thereof may have been received by the Corporation. For purposes of this Section 1.12, to be considered a qualified representative of the stockholder, a person must be a duly authorized officer, manager or partner of such stockholder or must be authorized by a writing executed by such stockholder or an electronic transmission delivered by such stockholder to act for such stockholder as proxy at the meeting of stockholders and such person must produce such writing or electronic transmission, or a reliable reproduction of the writing or electronic transmission, at the meeting of stockholders.

(iii) For purposes of this Section 1.12, “public announcement” shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

(iv) Notwithstanding the foregoing provisions of this Section 1.12, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section 1.12; provided however, that any references in these bylaws to the Exchange Act or the rules and regulations promulgated thereunder are not intended to and shall not limit any requirements applicable to nominations or proposals as to any other business to be considered pursuant to this Section 1.12 and compliance with paragraphs (a) and (b) of this Section 1.12 shall be the exclusive means for a stockholder to make nominations or submit other business (other than, as provided in the last sentences of paragraphs (a) and (b) hereof, business or nominations brought properly under and in compliance with Rule 14a-8 or Rule 14a-11 of the Exchange Act, as such Rules may be amended from time to time). Nothing in this Section 1.12 shall be deemed to affect any rights of (x) stockholders to request inclusion of proposals in the Corporation’s proxy statement pursuant to Rule 14a-8 under the Exchange Act or (y) the holders of any series of

preferred stock to elect Directors pursuant to any applicable provisions of the certificate of incorporation or of the relevant preferred stock certificate or designation.

(v) The announcement of an adjournment or postponement of an annual or special meeting does not commence a new time period (and does not extend any time period) for the giving of notice of a stockholder nomination or a stockholder proposal.

ARTICLE II

BOARD OF DIRECTORS

Section 2.01 General Powers. Except as may otherwise be provided by law or by the certificate of incorporation, the affairs and business of the Corporation shall be managed by or under the direction of the Board and the Board may exercise all the powers and authority of the Corporation. The Directors shall act only as a Board, and the individual Directors shall have no power as such.

Section 2.02 Number and Term of Office. The number of Directors, subject to any rights of the holders of shares of any class or series of preferred stock, shall initially be seven, classified (including Directors in office as of the date hereof) with respect to the time for which they severally hold office into three classes, as nearly equal in number as possible, which number may be modified (but not reduced to less than three) from time to time exclusively by resolution of the Board, subject to the terms of the Stockholders Agreement and any rights of the holders of shares of any class or series of preferred stock, if in effect. One class's initial term will expire at the first annual meeting of the stockholders following the date hereof, another class's initial term will expire at the second annual meeting of the stockholders following the date hereof and another class's initial term will expire at the third annual meeting of stockholders following the date hereof, with Directors of each class to hold office until their successors are duly elected and qualified, provided that the term of each Director shall continue until the election and qualification of a successor and be subject to such Director's earlier death, resignation or removal. At each annual meeting of stockholders of the Corporation beginning with the first annual meeting of stockholders following the date hereof, subject to any rights of the holders of shares of any class or series of preferred stock, the successors of the Directors whose term expires at that meeting shall be elected to hold office for a term expiring at the annual meeting of stockholders held in the third year following the year of their election. In the case of any increase or decrease, from time to time, in the number of Directors of the Corporation, the number of Directors in each class shall be apportioned as nearly equal as possible. No decrease in the number of Directors shall shorten the term of any incumbent Director. At each meeting of the stockholders for the election of Directors, provided a quorum is present, the Directors shall be elected by a plurality of the votes validly cast in such election.

Section 2.03 Regular Meetings. Regular meetings of the Board shall be held on such dates, and at such times and places as are determined from time to time by resolution of the Board.

Section 2.04 Special Meetings. Special meetings of the Board shall be held whenever called by the President or, in the event of his or her absence or disability, by any Vice President, or by a majority of the Directors then in office, at such place, date and time as may be specified in the respective notices or waivers of notice of such meetings. Any business may be conducted at a special meeting.

Section 2.05 Notice of Meetings; Waiver of Notice.

(a) Notices of special meetings shall be given to each Director, and notice of each resolution or other action affecting the date, time or place of one or more regular meetings shall be given to each Director not present at the meeting adopting such resolution or other action, subject to Section 2.08 of these bylaws. Notices shall be given personally, or by telephone confirmed by facsimile or email dispatched promptly thereafter, or by facsimile or email confirmed by a writing delivered by a recognized overnight courier service, directed to each Director at the address from time to time designated by such Director to the Secretary. Each such notice and confirmation must be given (received in the case of personal service or delivery of written confirmation) at least 24 hours prior to the time of a meeting.

(b) A written waiver of notice of meeting signed by a Director or a waiver by electronic transmission by a Director, whether given before or after the meeting time stated in such notice, is deemed equivalent to notice. Attendance of a Director at a meeting is a waiver of notice of such meeting, except when the Director attends a meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business at the meeting on the ground that the meeting is not lawfully called or convened.

Section 2.06 Quorum; Voting. At all meetings of the Board, the presence of a majority of the total authorized number of Directors shall constitute a quorum for the transaction of business. Except as otherwise provided by law, the certificate of incorporation or these bylaws, the vote of a majority of the Directors present at any meeting at which a quorum is present shall be the act of the Board.

Section 2.07 Action by Telephonic Communications. Members of the Board may participate in a meeting of the Board by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this provision shall constitute presence in person at such meeting.

Section 2.08 Adjournment. A majority of the Directors present may adjourn any meeting of the Board to another date, time or place, whether or not a quorum is present. No notice need be given of any adjourned meeting unless (a) the date, time and place of the adjourned meeting are not announced at the time of adjournment, in which case notice conforming to the requirements of Section 2.05 of these bylaws shall be given to each Director, or (b) the meeting is adjourned for more than 24 hours, in which case the notice referred to in clause (a) shall be given to those Directors not present at the announcement of the date, time and place of the adjourned meeting.

Section 2.09 Action Without a Meeting. Any action required or permitted to be taken at any meeting of the Board may be taken without a meeting if all members of the Board consent thereto in writing or by electronic transmission, and such writing or writings or electronic transmissions are filed with the minutes of proceedings of the Board. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

Section 2.10 Regulations. To the extent consistent with applicable law, the certificate of incorporation and these bylaws, the Board may adopt such rules and regulations for the conduct of meetings of the Board and for the management of the affairs and business of the Corporation as the Board may deem appropriate. The Board may elect from among its members a chairperson and one or more vice-chairpersons to preside over meetings and to perform such other duties as may be designated by the Board.

Section 2.11 Resignations of Directors. Any Director may resign at any time by submitting an electronic transmission or by delivering a written notice of resignation, signed by such Director, to the President or the Secretary. Such resignation shall take effect upon delivery unless the resignation specifies a later effective date or an effective date determined upon the happening of a specified event.

Section 2.12 Removal of Directors.

(a) Until the Effective Date, any Director may be removed at any time, either for or without cause, upon the affirmative vote of the holders of a majority of the outstanding shares of stock of the Corporation entitled to vote generally for the election of Directors, acting at a meeting of the stockholders or by written consent (if permitted) in accordance with the DGCL, the certificate of incorporation and these bylaws.

(b) From and after the Effective Date and subject to the rights of the holders of shares of any class or series of preferred stock, if any, to elect additional Directors pursuant to the certificate of incorporation (including any certificate of designation thereunder), any Director may be removed only for cause, upon the affirmative vote of the holders of at least a majority of the outstanding shares of stock of the Corporation entitled to vote generally for the election of Directors, acting at a meeting of the stockholders or by written consent (if permitted) in accordance with the DGCL, the certificate of incorporation and these bylaws.

Section 2.13 Vacancies and Newly Created Directorships. Subject to the rights of the holders of shares of any class or series of preferred stock, if any, to elect additional Directors pursuant to the certificate of incorporation (including any certificate of designation thereunder) and the Stockholders Agreement (if in effect), any vacancy in the Board that results from the death, disability, resignation, disqualification, removal of any Director or from any other cause shall be filled solely by the affirmative vote of a majority of the total number of Directors then in office, even if less than a quorum, or by a sole remaining Director. Any Director filling a vacancy shall be of the same class as that of the Director whose death, resignation, disqualification, removal or other event

caused the vacancy, and any Director filling a newly created directorship shall be of the class specified by the Board at the time the newly created directorships were created. A Director elected to fill a vacancy or newly created Directorship shall hold office until his or her successor has been elected and qualified or until his or her earlier death, resignation or removal.

Section 2.14 Director Fees and Expenses. The amount, if any, which each Director shall be entitled to receive as compensation for his or her services shall be fixed from time to time by the Board. The Corporation will cause each non-employee Director serving on the Board to be reimbursed for all reasonable out-of-pocket costs and expenses incurred by him or her in connection with such service.

Section 2.15 Reliance on Accounts and Reports, etc. A Director, as such or as a member of any committee designated by the Board, shall in the performance of his or her duties be fully protected in relying in good faith upon the records of the Corporation and upon information, opinions, reports or statements presented to the Corporation by any of the Corporation's officers or employees, or committees designated by the Board, or by any other person as to the matters the member reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation.

ARTICLE III

COMMITTEES

Section 3.01 Designation of Committees. The Board shall designate such committees as may be required by applicable laws, regulations or stock exchange rules, and may designate such additional committees as it deems necessary or appropriate. Each committee shall consist of such number of Directors, with such qualifications, as may be required by applicable laws, regulations or stock exchange rules, or as from time to time may be fixed by the Board and shall have and may exercise all the powers and authority of the Board in the management of the business and affairs of the Corporation to the extent delegated to such committee by resolution of the Board, which delegation shall include all such powers and authority as may be required by applicable laws, regulations or stock exchange rules. No committee shall have any power or authority as to (a) approving or adopting, or recommending to the stockholders, any action or matter (other than the election or removal of directors) expressly required by the DGCL to be submitted to stockholders for approval, (b) adopting, amending or repealing any of these bylaws or (c) as may otherwise be excluded by law or by the certificate of incorporation, and no committee may delegate any of its power or authority to a subcommittee unless so authorized by the Board.

Section 3.02 Members and Alternate Members. The members of each committee and any alternate members shall be selected by the Board. The Board may provide that the members and alternate members serve at the pleasure of the Board. An alternate member may replace any absent or disqualified member at any meeting of the committee. An alternate member shall be given all notices of committee meetings, may attend any

meeting of the committee, but may count towards a quorum and vote only if a member for whom such person is an alternate is absent or disqualified. Each member (and each alternate member) of any committee shall hold office only until the time he or she shall cease for any reason to be a Director, or until his or her earlier death, resignation or removal.

Section 3.03 Committee Procedures. A quorum for each committee shall be a majority of its members, unless the committee has only one or two members, in which case a quorum shall be one member, or unless a greater quorum is established by the Board. The vote of a majority of the committee members present at a meeting at which a quorum is present shall be the act of the committee. Each committee shall keep regular minutes of its meetings and report to the Board when required. The Board shall adopt a charter for each committee for which a charter is required by applicable laws, regulations or stock exchange rules, may adopt a charter for any other committee, and may adopt other rules and regulations for the government of any committee not inconsistent with the provisions of these bylaws or any such charter, and each committee may adopt its own rules and regulations of government, to the extent not inconsistent with these bylaws or any charter or other rules and regulations adopted by the Board.

Section 3.04 Meetings and Actions of Committees. Except to the extent that the same may be inconsistent with the terms of any committee charter required by applicable laws, regulations or stock exchange rules, meetings and actions of each committee shall be governed by, and held and taken in accordance with, the provisions of the following sections of these bylaws, with such bylaws being deemed to refer to the committee and its members in lieu of the Board and its members:

- (a) Section 2.03 (to the extent relating to place and time of regular meetings);
- (b) Section 2.04 (relating to special meetings);
- (c) Section 2.05 (relating to notice and waiver of notice);
- (d) Sections 2.07 and 2.9 (relating to telephonic communication and action without a meeting); and
- (e) Section 2.08 (relating to adjournment and notice of adjournment).

Special meetings of committees may also be called by resolution of the Board.

Section 3.05 Resignations and Removals. Any member (and any alternate member) of any committee may resign from such position at any time by submitting an electronic transmission or by delivering a written notice of resignation, signed by such member, to the President or the Secretary. Such resignation shall take effect upon delivery unless the resignation specifies a later effective date or an effective date determined upon the happening of a specified event. Any member (and any alternate member) of any committee may be removed from such position by the Board at any time, either for or without cause.

Section 3.06 Vacancies. If a vacancy occurs in any committee for any reason, the remaining members (and any alternate members) may continue to act if a quorum is present. A committee vacancy may be filled only by the Board.

ARTICLE IV

OFFICERS

Section 4.01 Officers. The Board shall elect a President and a Secretary as officers of the Corporation. The Board may also elect a Treasurer, one or more Vice Presidents (any one or more of whom may be designated an Executive Vice President or Senior Vice President), Assistant Secretaries and Assistant Treasurers, and such other officers and agents as the Board may determine. In addition, the Board from time to time may delegate to any officer the power to appoint subordinate officers or agents and to prescribe their respective rights, terms of office, authorities and duties. Any action by an appointing officer may be superseded by action by the Board. Any number of offices may be held by the same person, except that one person may not hold both the office of President and the office of Secretary. No officer need be a Director of the Corporation. For the avoidance of doubt, the term Vice President shall refer to an officer elected by the Board as Vice President and shall not include any employees of the Corporation whose employment title is "Vice President" unless such individual has been elected as a Vice President of the Corporation in accordance with these bylaws.

Section 4.02 Election. Unless otherwise determined by the Board, the officers of the Corporation need not be elected for a specified term but shall serve at the pleasure of the Board or for such terms as may be agreed in the individual case by each officer and the Board. Officers and agents appointed pursuant to delegated authority as provided in Section 4.01 (or, in the case of agents, as provided in Section 4.06) shall hold their offices for such terms as may be determined from time to time by the appointing officer. Each officer shall hold office until his or her successor has been elected or appointed and qualified, or until his or her earlier death, resignation or removal. A failure to elect officers shall not dissolve or otherwise affect the Corporation.

Section 4.03 Compensation. The salaries and other compensation of all officers and agents of the Corporation shall be fixed by the Board or in the manner established by the Board.

Section 4.04 Removal and Resignation; Vacancies. Any officer may be removed for or without cause at any time by the Board. Any officer granted the power to appoint subordinate officers and agents as provided in Section 4.01 may remove any subordinate officer or agent appointed by such officer, at any time, for or without cause. Any officer or agent may resign at any time by delivering notice of resignation, either in writing signed by such officer or by electronic transmission, to the Board or the President. Unless otherwise specified therein, such resignation shall take effect upon delivery. Any vacancy occurring in any office of the Corporation by death, resignation, removal or otherwise, may be filled by the Board or by the officer, if any, who appointed the person formerly holding such office.

Section 4.05 Authority and Duties of Officers. An officer of the Corporation shall have such authority and shall exercise such powers and perform such duties (a) as may be required by law, (b) to the extent not inconsistent with law, as are specified in these bylaws, (c) to the extent not inconsistent with law or these bylaws, as may be specified by resolution of the Board, and (d) to the extent not inconsistent with any of the foregoing, as may be specified by the appointing officer with respect to a subordinate officer appointed pursuant to delegated authority under Section 4.01.

Section 4.06 President. The President shall preside at all meetings of the stockholders and Directors at which he or she is present, shall be the chief executive officer of the Corporation, shall have general control and supervision of the policies and operations of the Corporation and shall see that all orders and resolutions of the Board are carried into effect. He or she shall manage and administer the Corporation's business and affairs and shall also perform all duties and exercise all powers usually pertaining to the office of a chief executive officer of a corporation, including, without limitation under the DGCL. He or she shall have the authority to sign, in the name and on behalf of the Corporation, checks, orders, contracts, leases, notes, drafts and all other documents and instruments in connection with the business of the Corporation. Except as otherwise determined by the Board, he or she shall have the authority to cause the employment or appointment of such employees (other than the President) or agents of the Corporation as the conduct of the business of the Corporation may require, to fix their compensation, and to remove or suspend such employee or any agent employed or appointed by any officer or to suspend any agent appointed by the Board. The President shall have the duties and powers of the Treasurer if no Treasurer is elected and shall have such other duties and powers as the Board may from time to time prescribe.

Section 4.07 Vice Presidents. Unless otherwise determined by the Board, if one or more Vice Presidents have been elected, each Vice President shall perform such duties and exercise such powers as may be assigned to him or her from time to time by the Board or the President. In the event of absence or disability of the President, the duties of the President shall be performed, and his or her powers may be exercised, by such Vice President as shall be designated by the Board or, failing such designation, by the Vice President in order of seniority of election to that office.

Section 4.08 Secretary. Unless otherwise determined by the Board, the Secretary shall have the following powers and duties:

- (a) The Secretary shall keep or cause to be kept a record of all the proceedings of the meetings of the stockholders, the Board and any committees thereof in books provided for that purpose.
- (b) The Secretary shall cause all notices to be duly given in accordance with the provisions of these bylaws and as required by law.
- (c) Whenever any committee shall be appointed pursuant to a resolution of the Board, the Secretary shall furnish a copy of such resolution to the members of such committee.

(d) The Secretary shall be the custodian of the records and of the seal of the Corporation and cause such seal (or a facsimile thereof) to be affixed to all certificates representing shares of the Corporation prior to the issuance thereof and to all documents and instruments that the Board or any officer of the Corporation has determined should be executed under seal, may sign (together with any other authorized officer) any such document or instrument, and when the seal is so affixed he or she may attest the same.

(e) The Secretary shall properly maintain and file all books, reports, statements, certificates and all other documents and records required by law, the certificate of incorporation or these bylaws.

(f) The Secretary shall have charge of the stock books and ledgers of the Corporation and shall cause the stock and transfer books to be kept in such manner as to show at any time the number of shares of stock of the Corporation of each class issued and outstanding, the names (alphabetically arranged) and the addresses of the holders of record of such shares, the number of shares held by each holder and the date as of which each such holder became a holder of record.

(g) The Secretary shall sign (unless the Treasurer, an Assistant Treasurer or an Assistant Secretary shall have signed) certificates representing shares of the Corporation the issuance of which shall have been authorized by the Board.

(h) The Secretary shall perform, in general, all duties incident to the office of secretary and such other duties as may be specified in these bylaws or as may be assigned to the Secretary from time to time by the Board or the President.

Section 4.09 Treasurer. Unless otherwise determined by the Board, the Treasurer, if there be one, shall be the chief financial officer of the Corporation and shall have the following powers and duties:

(a) The Treasurer shall have charge and supervision over and be responsible for the moneys, securities, receipts and disbursements of the Corporation, and shall keep or cause to be kept full and accurate records thereof.

(b) The Treasurer shall cause the moneys and other valuable effects of the Corporation to be deposited in the name and to the credit of the Corporation in such banks or trust companies or with such bankers or other depositories as shall be determined by the Board or the President, or by such other officers of the Corporation as may be authorized by the Board or the President to make such determinations.

(c) The Treasurer shall cause the moneys of the Corporation to be disbursed by checks or drafts (signed by such officer or officers or such agent or agents of the Corporation, and in such manner, as the Board or the President may determine from time to time) upon the authorized depositories of the Corporation and cause to be taken and preserved proper vouchers for all moneys disbursed.

(d) The Treasurer shall render to the Board or the President, whenever requested, a statement of the financial condition of the Corporation and of the transactions of the Corporation, and render a full financial report at the annual meeting of the stockholders, if called upon to do so.

(e) The Treasurer shall be empowered from time to time to require from all officers or agents of the Corporation reports or statements giving such information as he or she may desire with respect to any and all financial transactions of the Corporation.

(f) The Treasurer may sign (unless an Assistant Treasurer or the Secretary or an Assistant Secretary shall have signed) certificates representing shares of stock of the Corporation the issuance of which shall have been authorized by the Board.

(g) The Treasurer shall perform, in general, all duties incident to the office of treasurer and such other duties as may be specified in these bylaws or as may be assigned to the Treasurer from time to time by the Board or the President.

Section 4.10 Security. The Board may require any officer, agent or employee of the Corporation to provide security for the faithful performance of his or her duties, in such amount and of such character as may be determined from time to time by the Board.

ARTICLE V

CAPITAL STOCK

Section 5.01 Certificates of Stock; Uncertificated Shares. The shares of the Corporation shall be represented by certificates, except to the extent that the Board has provided by resolution that some or all of any or all classes or series of the stock of the Corporation shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the Corporation. Every holder of stock in the Corporation represented by certificates shall be entitled to have, and the Board may in its sole discretion permit a holder of uncertificated shares to receive upon request, a certificate signed by the President or a Vice President, and by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary, representing the number of shares registered in certificate form. Such certificate shall be in such form as the Board may determine, to the extent consistent with applicable law, the certificate of incorporation and these bylaws.

Section 5.02 Facsimile Signatures. Any or all signatures on the certificates referred to in Section 5.01 of these bylaws may be in facsimile form, to the extent permitted by law. If any officer, transfer agent or registrar who has signed, or whose facsimile signature has been placed upon, a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he or she were such officer, transfer agent or registrar at the date of issue.

Section 5.03 Lost, Stolen or Destroyed Certificates. A new certificate may be issued in place of any certificate theretofore issued by the Corporation alleged to have

been lost, stolen or destroyed only upon delivery to the Corporation of an affidavit of the owner or owners (or their legal representatives) of such certificate, setting forth such allegation, and a bond or other undertaking as may be satisfactory to a financial officer of the Corporation designated by the Board to indemnify the Corporation against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of any such new certificate.

Section 5.04 Transfer of Stock.

(a) Upon surrender to the Corporation or the transfer agent of the Corporation of a certificate for shares, duly endorsed or accompanied by appropriate evidence of succession, assignment or authority to transfer, the Corporation shall issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books. Within a reasonable time after the transfer of uncertificated stock, the Corporation shall send to the registered owner thereof a written notice containing the information required to be set forth or stated on certificates pursuant to Sections 151, 156, 202(a) or 218(a) of the DGCL. Subject to the provisions of the certificate of incorporation and these bylaws, the Board may prescribe such additional rules and regulations as it may deem appropriate relating to the issue, transfer and registration of shares of the Corporation.

(b) The Corporation may enter into additional agreements with shareholders to restrict the transfer of stock of the Corporation in any manner not prohibited by the DGCL.

Section 5.05 Registered Stockholders. Prior to due surrender of a certificate for registration of transfer, the Corporation may treat the registered owner as the person exclusively entitled to receive dividends and other distributions, to vote, to receive notice and otherwise to exercise all the rights and powers of the owner of the shares represented by such certificate, and the Corporation shall not be bound to recognize any equitable or legal claim to or interest in such shares on the part of any other person, whether or not the Corporation shall have notice of such claim or interests. If a transfer of shares is made for collateral security, and not absolutely, this fact shall be so expressed in the entry of the transfer if, when the certificates are presented to the Corporation for transfer or uncertificated shares are requested to be transferred, both the transferor and transferee request the Corporation to do so.

Section 5.06 Transfer Agent and Registrar. The Board may appoint one or more transfer agents and one or more registrars, and may require all certificates representing shares to bear the signature of any such transfer agents or registrars.

ARTICLE VI
INDEMNIFICATION

Section 6.01 Indemnification.

(a) In General. The Corporation shall indemnify, to the full extent permitted by the DGCL and other applicable law, any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (each, a "proceeding") by reason of the fact that (x) such person is or was serving or has agreed to serve as a Director or officer of the Corporation, or (y) such person, while serving as a Director or officer of the Corporation, is or was serving or has agreed to serve at the request of the Corporation as a Director, officer, employee, manager or agent of another corporation, partnership, joint venture, trust or other enterprise or (z) such person is or was serving or has agreed to serve at the request of the Corporation as a Director, officer or manager of another corporation, partnership, joint venture, trust or other enterprise, or by reason of any action alleged to have been taken or omitted by such person in such capacity, and who satisfies the applicable standard of conduct set forth in the DGCL or other applicable law:

(1) in a proceeding other than a proceeding by or in the right of the Corporation, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person or on such person's behalf in connection with such proceeding and any appeal therefrom, or

(2) in a proceeding by or in the right of the Corporation to procure a judgment in its favor, against expenses (including attorneys' fees) actually and reasonably incurred by such person or on such person's behalf in connection with the defense or settlement of such proceeding and any appeal therefrom.

(b) Indemnification in Respect of Successful Defense. To the extent that a present or former Director or officer of the Corporation has been successful on the merits or otherwise in defense of any proceeding referred to in Section 6.01(a) or in defense of any claim, issue or matter therein, such person shall be indemnified by the Corporation against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith.

(c) Indemnification in Respect of Proceedings Instituted by Indemnitee. Section 6.01(a) does not require the Corporation to indemnify a present or former Director or officer of the Corporation in respect of a proceeding (or part thereof) instituted by such person on his or her own behalf, unless such proceeding (or part thereof) has been authorized by the Board or the indemnification requested is pursuant to the last sentence of Section 6.03 of these bylaws.

Section 6.02 Advance of Expenses. The Corporation shall advance all expenses (including reasonable attorneys' fees) incurred by a present or former Director or officer

in defending any proceeding prior to the final disposition of such proceeding upon written request of such person and delivery of an undertaking by such person to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the Corporation. The Corporation may authorize any counsel for the Corporation to represent (subject to applicable conflict of interest considerations) such present or former Director or officer in any proceeding, whether or not the Corporation is a party to such proceeding

Section 6.03 Procedure for Indemnification. Any indemnification under Section 6.01 of these bylaws or any advance of expenses under Section 6.02 of these bylaws shall be made only against a written request therefor (together with supporting documentation) submitted by or on behalf of the person seeking indemnification or advance. Indemnification may be sought by a person under Section 6.01 of these bylaws in respect of a proceeding only to the extent that both the liabilities for which indemnification is sought and all portions of the proceeding relevant to the determination of whether the person has satisfied any appropriate standard of conduct have become final. A person seeking indemnification or advance of expenses may seek to enforce such person's rights to indemnification or advance of expenses (as the case may be) in the Delaware Court of Chancery to the extent all or any portion of a requested indemnification has not been granted within 90 days of, or to the extent all or any portion of a requested advance of expenses has not been granted within 20 days of, the submission of such request. All expenses (including reasonable attorneys' fees) incurred by such person in connection with successfully establishing such person's right to indemnification or advancement of expenses under this Article, in whole or in part, shall also be indemnified by the Corporation.

Section 6.04 Burden of Proof.

(a) In any proceeding brought to enforce the right of a person to receive indemnification to which such person is entitled under Section 6.01 of these bylaws, the Corporation has the burden of demonstrating that the standard of conduct applicable under the DGCL or other applicable law was not met. A prior determination by the Corporation (including its Board or any committee thereof, its independent legal counsel, or its stockholders) that the claimant has not met such applicable standard of conduct does not itself constitute evidence that the claimant has not met the applicable standard of conduct.

(b) In any proceeding brought to enforce a claim for advances to which a person is entitled under Section 6.02 of these bylaws, the person seeking an advance need only show that he or she has satisfied the requirements expressly set forth in Section 6.02 of these bylaws.

Section 6.05 Contract Right; Non-Exclusivity; Survival.

(a) The rights to indemnification and advancement of expenses provided by this Article VI shall be deemed to be separate contract rights between the Corporation and each Director and officer who serves in any such capacity at any time while these

provisions as well as the relevant provisions of the DGCL are in effect, and no repeal or modification of any of these provisions or any relevant provisions of the DGCL shall adversely affect any right or obligation of such Director or officer existing at the time of such repeal or modification with respect to any state of facts then or previously existing or any proceeding previously or thereafter brought or threatened based in whole or in part upon any such state of facts. Such "contract rights" may not be modified retroactively as to any present or former Director or officer without the consent of such Director or officer.

(b) The rights to indemnification and advancement of expenses provided by this Article VI shall not be deemed exclusive of any other indemnification or advancement of expenses to which a present or former Director or officer of the Corporation seeking indemnification or advancement of expenses may be entitled by any agreement, vote of stockholders or disinterested Directors, or otherwise.

(c) The rights to indemnification and advancement of expenses provided by this Article VI to any present or former Director or officer of the Corporation shall inure to the benefit of the heirs, executors and administrators of such person.

Section 6.06 Insurance. The Corporation may purchase and maintain insurance on behalf of any person who is or was or has agreed to become a Director or officer of the Corporation, or is or was serving at the request of the Corporation as a Director or officer of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred by such person or on such person's behalf in any such capacity, or arising out of such person's status as such, whether or not the Corporation would have the power to indemnify such person against such liability under the provisions of this Article.

Section 6.07 Employees and Agents. The Board, or any officer authorized by the Board to make indemnification decisions, may cause the Corporation to indemnify any present or former employee or agent of the Corporation in such manner and for such liabilities as the Board may determine, up to the fullest extent permitted by the DGCL and other applicable law.

Section 6.08 Interpretation; Severability. Terms defined in Sections 145(h) or (i) of the DGCL have the meanings set forth in such sections when used in this Article VI. If this Article or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Corporation shall nevertheless indemnify each Director or officer of the Corporation as to costs, charges and expenses (including attorneys' fees), judgments, fines and amounts paid in settlement with respect to any action, suit or proceeding, whether civil, criminal, administrative or investigative, including an action by or in the right of the Corporation, to the fullest extent permitted by any applicable portion of this Article that shall not have been invalidated and to the fullest extent permitted by applicable law.

ARTICLE VII

OFFICES

Section 7.01 Registered Office. The registered office of the Corporation in the State of Delaware shall be located at the location provided in the Corporation's certificate of incorporation.

Section 7.02 Other Offices. The Corporation may maintain offices or places of business at such other locations within or without the State of Delaware as the Board may from time to time determine or as the business of the Corporation may require.

ARTICLE VIII

GENERAL PROVISIONS

Section 8.01 Dividends.

(a) Subject to any applicable provisions of law and the certificate of incorporation, dividends upon the shares of the Corporation may be declared by the Board at any regular or special meeting of the Board, or by written consent in accordance with the DGCL and these bylaws, and any such dividend may be paid in cash, property, or shares of the Corporation's stock.

(b) A member of the Board, or a member of any committee designated by the Board shall be fully protected in relying in good faith upon the records of the Corporation and upon such information, opinions, reports or statements presented to the Corporation by any of its officers or employees, or committees of the Board, or by any other person as to matters the Director reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation, as to the value and amount of the assets, liabilities and/or net profits of the Corporation, or any other facts pertinent to the existence and amount of surplus or other funds from which dividends might properly be declared and paid.

Section 8.02 Reserves. There may be set apart out of any funds of the Corporation available for dividends such sum or sums as the Board from time to time may determine proper as a reserve or reserves for meeting contingencies, equalizing dividends, repairing or maintaining any property of the Corporation or for such other purpose or purposes as the Board may determine conducive to the interest of the Corporation, and the Board may similarly modify or abolish any such reserve.

Section 8.03 Execution of Instruments. Except as otherwise required by law or the certificate of incorporation, the Board or any officer of the Corporation authorized by the Board may authorize any other officer or agent of the Corporation to enter into any contract or execute and deliver any instrument in the name and on behalf of the Corporation. Any such authorization must be in writing or by electronic transmission and may be general or limited to specific contracts or instruments.

Section 8.04 Voting as Stockholder. Unless otherwise determined by resolution of the Board, the President or any Vice President shall have full power and authority on behalf of the Corporation to attend any meeting of stockholders of any corporation in which the Corporation may hold stock, and to act, vote (or execute proxies to vote) and exercise in person or by proxy all other rights, powers and privileges incident to the ownership of such stock at any such meeting, or through action without a meeting. The Board may by resolution from time to time confer such power and authority (in general or confined to specific instances) upon any other person or persons.

Section 8.05 Fiscal Year. The fiscal year of the Corporation shall commence on the first day of April of each year (except for the Corporation's first fiscal year which shall commence on the date of incorporation) and shall terminate in each case on March 31.

Section 8.06 Seal. The seal of the Corporation shall be circular in form and shall contain the name of the Corporation, the year of its incorporation and the words "Corporate Seal" and "Delaware". The form of such seal shall be subject to alteration by the Board. The seal may be used by causing it or a facsimile thereof to be impressed, affixed or reproduced, or may be used in any other lawful manner.

Section 8.07 Books and Records; Inspection. Except to the extent otherwise required by law, the books and records of the Corporation shall be kept at such place or places within or without the State of Delaware as may be determined from time to time by the Board.

Section 8.08 Electronic Transmission. "Electronic transmission", as used in these bylaws, means any form of communication, not directly involving the physical transmission of paper, that creates a record that may be retained, retrieved and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such a recipient through an automated process.

ARTICLE IX

AMENDMENT OF BYLAWS

Section 9.01 Amendment. Subject to the provisions of the certificate of incorporation, these bylaws may be amended, altered or repealed (a) by resolution adopted by a majority of the Board at any special or regular meeting of the Board if, in the case of such special meeting only, notice of such amendment, alteration or repeal is contained in the notice or waiver of notice of such meeting or (b) at any regular or special meeting of the stockholders upon the affirmative vote of at least two-thirds of the shares of the Corporation entitled to vote generally in the election of Directors if, in the case of such special meeting only, notice of such amendment, alteration or repeal is contained in the notice or waiver of notice of such meeting.

Notwithstanding the foregoing, (x) no amendment to the Stockholders Agreement (whether or not such amendment modifies any provision of the Stockholders Agreement

to which these bylaws are subject) shall be deemed an amendment of these bylaws for purposes of this Section 9.01 and (y) no amendment, alteration or repeal of Article VI shall adversely affect any right or protection existing under bylaws immediately prior to such amendment, alteration or repeal, including any right or protection of a Director thereunder in respect of any act or omission occurring prior to the time of such amendment.

FORM OF
AMENDED AND RESTATED
STOCKHOLDERS AGREEMENT
OF
BOOZ ALLEN HAMILTON HOLDING CORPORATION

This Amended and Restated Stockholders Agreement (this "Agreement") is entered into as of this [•] day of [•], 2010, by and among (a) Booz Allen Hamilton Holding Corporation, a Delaware corporation f/k/a Explorer Holding Corporation (the "Company"), (b) Explorer Coinvest LLC, a Delaware limited liability company (the "Initial Carlyle Stockholder"), (c) each Individual Stockholder that as of the date hereof is a party to the Original Agreement and (d) each other Person who subsequently becomes a party to this Agreement pursuant to the terms hereof. Certain capitalized terms used herein have the meanings ascribed to them in Section 14 hereof.

RECITALS:

WHEREAS, upon the terms and conditions set forth in the Agreement and Plan of Merger, dated as of May 15, 2008 (as the same may be from time to time amended, modified, supplemented or restated, the "Merger Agreement"), among Booz Allen Hamilton Inc., a Delaware corporation ("BAH"), Booz Allen Investor Corporation, a Delaware corporation f/k/a Explorer Investor Corporation ("Buyer"), Explorer Merger Sub Corporation, a Delaware corporation ("Merger Sub"), Booz & Company Inc., a Delaware corporation, as Seller Representative, and the Company, at the Effective Time (as defined in the Merger Agreement), Merger Sub merged with and into BAH, with BAH as the surviving corporation (the "Merger");

WHEREAS, in connection with the Merger, the Company entered into a Stockholders Agreement, dated as of July 30, 2008, with its stockholders as of that date (the "Original Agreement");

WHEREAS, concurrently with the effectiveness of this Agreement, the Company has registered shares of its common stock pursuant to an effective registration statement as part of an initial public offering of its common stock (the "IPO");

WHEREAS, the Initial Carlyle Stockholder has entered into and may continue to enter into Proxy and Tag-Along Agreements with Individual Stockholders (collectively, the "Proxy and Tag-Along Agreements");

WHEREAS, in accordance with Section 16(k) of the Original Agreement, the Individual Stockholders holding a majority of the Securities held by Individual Stockholders and each of the current Executive Stockholders have provided their prior written consent to this amendment and restatement of the Original Agreement, effective upon the effectiveness of the registration statement relating to the IPO; and

WHEREAS, the board of directors of the Company (the "Board") has approved this amendment and restatement of the Original Agreement;

NOW, THEREFORE, in consideration of the mutual promises, covenants, representations and warranties made herein and of the mutual benefits to be derived herefrom, the parties hereto agree as follows:

Section 1. Board Representation.

(a) Each Executive Stockholder and Carlyle Stockholder shall vote all of the Voting Shares over which such Executive Stockholder or such Carlyle Stockholder has voting control and shall take all other necessary or desirable actions within such Executive Stockholder's or such Carlyle Stockholder's control (whether in such Executive Stockholder's or such Carlyle Stockholder's capacity as a stockholder, director, member of a Board committee or officer of the Company or otherwise, and including, without limitation, attendance at meetings in person or by proxy for purposes of obtaining a quorum, execution of written consents in lieu of meetings, and approval of amendments and/or restatements of the Company's certificate of incorporation or by-laws) so that (i) the authorized number of directors (the "Directors") on the Board shall be at least six and no greater than nine and (ii) the Directors shall be the persons nominated or designated in accordance with this Section 1. The smallest number of Directors as shall constitute a majority of the total number of Directors from time to time authorized to serve on the Board shall be designated for nomination for election by the Carlyle Stockholders; provided, however, that not more than three of such designees of the Carlyle Stockholders at any time may be full-time employees of the Carlyle Stockholders or any of their respective Affiliates (other than the Company and its subsidiaries), and any additional such designees of the Carlyle Stockholders at any time shall be designated for nomination for election after consultation with the Chief Executive Officer of the Company. Two of the Directors shall be designated for nomination for election by the Chief Executive Officer of the Company and shall be full-time employees of BAH; provided, however, that at any time when the Chief Executive Officer of the Company is a natural person who has not been a full-time employee of BAH for at least five years, such two Directors shall instead be designated for nomination for election by the Executive Stockholders holding a majority of the Voting Shares held by all Executive Stockholders (in either case, the individuals designated pursuant to this sentence shall be referred to as the "Executive Directors"). Any remaining Directors shall be jointly designated for nomination for election by the Chief Executive Officer and the Carlyle Stockholders; provided, however, that if (x) the Chief Executive Officer of the Company is a natural person who has not been a full-time employee of BAH for at least five years, (y) such Chief Executive Officer of the Company has not been designated as a Executive Director, and (z) the Carlyle Stockholders determine that such Chief Executive Officer of the Company should serve as a Director, such Chief Executive Officer shall be so designated for nomination for election and shall constitute one of such remaining Directors. Any Directors (other than the Chief Executive Officer of the Company) designated pursuant to the immediately preceding sentence, and any Directors designated by the Carlyle Stockholders who are not full-time employees of the Carlyle Stockholders or any of their respective Affiliates (other than the Company and its subsidiaries) and were designated after

consultation with the Chief Executive Officer of the Company are hereinafter sometimes referred to as the “Unaffiliated Directors”.

(b) The Company shall cause the individuals designated in accordance with Section 1(a) to be nominated for election to the Board, shall solicit proxies in favor thereof, and at each meeting of the stockholders of the Company at which directors of the Company are to be elected, shall recommend that the stockholders of the Company elect to the Board each such individual nominated for election at such meeting.

(c) Except as would be contrary to any applicable law, rule or regulation (including any rule or regulation of any exchange upon which securities of the Company or any of its subsidiaries may be listed), each committee of the Board, and each committee of the board of directors of Buyer, BAH and, unless otherwise determined by the Board, each other subsidiary of the Company, shall include at least one Executive Director; provided, however that following an IPO no Executive Director shall serve on any audit or compensation committee of any of the foregoing.

(d) Subject to the provisions of the Company’s certificate of incorporation, a Director may be removed from the Board upon the request of the Person or group of Persons that designated such Director, and not otherwise; provided that nothing in this Agreement shall be construed to impair any rights that the Stockholders of the Company may have to remove any Director for cause; provided, further, that any Executive Director shall be removed automatically from the Board upon such Executive Director’s Termination of Service.

(e) In the event that any Director for any reason ceases to serve as a member of the Board during his term of office, the Person or group of Persons who designated such Director shall have the right to designate for appointment by the remaining Directors of the Company an individual to fill the vacant directorship. Each of the Company, the Carlyle Stockholders and the Executive Stockholders agrees to take such actions as will result in the appointment as soon as practicable of any individual so designated by each such Person or group of Persons.

(f) At such time as the Carlyle Stockholders cease collectively to own and have the power to dispose of Company Common Stock, Company Non-Voting Common Stock and Company Restricted Common Stock representing at least forty percent (40%) of the interests in the Company represented by all issued and outstanding shares of Company Common Stock, Company Non-Voting Common Stock and Company Restricted Common Stock, the Carlyle Stockholders and the Executive Stockholders shall discuss and use commercially reasonable efforts to agree upon, and, subject to Section 16(k), shall amend this Agreement to effect, appropriate amendments to this Section 1 and such other provisions of this Agreement as shall be appropriate, in each case to be consistent with the ownership position of the Carlyle Stockholders at that time.

(g) For so long as the Company qualifies as a “controlled company” under the applicable listing standards then in effect, the Company will elect to be a “controlled company” for purposes of such applicable listing standards, and will disclose in its annual meeting proxy

statement that it is a “controlled company” and the basis for that determination. The Company, the Carlyle Stockholders and the Executive Stockholders acknowledge and agree that, as of the date of this Agreement, the Company is a “controlled company.” After the Company ceases to qualify as a “controlled company” under applicable listing standards then in effect, each of the Carlyle Stockholders and the Executive Stockholders acknowledges that a sufficient number of their designees will be required to qualify as “independent directors” to ensure that the Board complies with such applicable listing standards in the time periods required by the applicable listing standards then in effect, and shall discuss and use commercially reasonable efforts to agree upon appropriate changes to their designees consistent with the foregoing.

Section 2. Restrictions on Transfer.

Except for (a) Transfers following the day that is one hundred eighty (180) days (or such shorter or longer period as agreed upon by the underwriters and the Company to be appropriate) after the consummation of the IPO; (b) Transfers effected by the Executive Stockholders pursuant to the exercise of Bring-Along Rights by the Carlyle Stockholders pursuant to Section 4 below; (c) Transfers effected pursuant to the Proxy and Tag-Along Agreements; (d) Transfers effected pursuant to Section 6 below, and (e) any Permitted Transfer (as defined in Section 5), no Individual Stockholder shall Transfer any Securities without the prior written approval of the Company. Each Individual Stockholder further agrees that in connection with any Permitted Transfer, such Individual Stockholder shall, if requested by the Company, deliver to the Company an opinion of counsel, in form and substance reasonably satisfactory to the Company and counsel for the Company, to the effect that such Transfer is not in violation of the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder (the “Securities Act”), or the securities laws of any state. Any purported Transfer in violation of the provisions of this Section 2 shall be null and void and shall have no force or effect. It shall be a condition to any Permitted Transfer and (unless waived by the Company) any Transfer by any Individual Stockholder approved by the Company, that the transferee shall (i) agree to become a Party to this Agreement as a “Management Stockholder” or an “Other Stockholder”, as the case may be, (ii) execute a signature page in the form attached as Exhibit A hereto acknowledging that such transferee agrees to be bound by the terms hereof and (iii) if such transferee is a natural person and a resident of a state with a community or marital property system, cause such transferee’s spouse to execute a spousal waiver in the form attached as Exhibit B. Notwithstanding anything to the contrary in this Agreement, the Company agrees that any Management Stockholder may pledge or otherwise use Company Common Stock, vested Company Restricted Common Stock or Company Non-Voting Common Stock to secure financing from a lender (a “Lender”) in connection with payment of the exercise price with respect to any Company Option or the payment of any withholding or other taxes due in connection with any Security issued under the Equity Incentive Plan, Company Rollover Stock Plan or any similar equity-based plan approved by the Board; provided, however, that the Lender shall be acceptable to the Company and the terms of any such pledge or other financing shall (i) provide that the Lender or any Person (a “Foreclosure Transferee”) to whom ownership of the pledged Company Common Stock or Company Non-Voting Common Stock is transferred upon default, foreclosure or like events (the “Foreclosed Securities”) shall upon taking ownership of any such Foreclosed Securities become a party to this Agreement and be subject to the terms and

provisions of the Company Rollover Stock Plan, the Equity Incentive Plan or other equity incentive plan of the Company, as applicable, and any award agreement to which the Foreclosed Securities transferred to the Foreclosure Transferee were subject immediately prior to such Transfer; (ii) provide that upon and following any such transfer of ownership of any such Foreclosed Securities the Company may, without any action or consent of the Lender or any holder or owner thereof, convert any Company Common Stock to Company Non-Voting Common Stock, (iii) in addition to any right to repurchase the Foreclosed Securities pursuant to the Company Rollover Stock Plan or Section 8, provide the Company with the right to repurchase the Foreclosed Securities at their Fair Market Value during the period beginning on the date the Company becomes aware of the transfer of the Foreclosed Securities and ending on the date nine (9) months thereafter and (iv) be otherwise reasonably acceptable to the Company. Any such repurchase shall be subject to the same notice and delay provisions as shares purchased on Termination of Service pursuant to Section 8.

Section 3. Leadership Team.

(a) For so long as any Management Stockholder serves as a member of the Leadership Team, such Management Stockholder, together with each of such Management Stockholder's Permitted Transferees, shall be an "Executive Stockholder" for the purposes of this Agreement and such Management Stockholder shall execute a joinder to this Agreement in the form attached hereto as Exhibit A-3.

(b) At such time as any Management Stockholder ceases to serve as a member of the Leadership Team, such Management Stockholder, together with each of such Management Stockholder's Permitted Transferees, shall cease to be an "Executive Stockholder" for the purposes of this Agreement and such Management Stockholder shall execute a separation agreement, solely with respect to such Management Stockholder's and each of such Management Stockholder's Permitted Transferees' status as an Executive Stockholder under this Agreement, in the form attached hereto as Exhibit C.

(c) Notwithstanding anything to contrary herein, nothing in this Section 3 shall affect any rights or obligations that any Person may otherwise have as a Management Stockholder, Other Stockholder or Individual Stockholder and, for the avoidance of doubt, the provisions of Section 1, Section 4 and Section 16(m) of this Agreement shall not apply to any Individual Stockholders other than the Executive Stockholders.

Section 4. Bring-Along Rights.

(a) If one or more Carlyle Stockholders, in one transaction or a series of related transactions that would constitute both a Company Sale and a Change in Control (as defined in the Company Rollover Stock Plan), propose(s) to Transfer any Securities to one or more Persons other than an Affiliate of the Carlyle Stockholders (each such Person, a "Third Party Purchaser"), then the Carlyle Stockholders shall have the right (a "Bring-Along Right"), but not the obligation, to require each Executive Stockholder that is an Executive Stockholder both upon receipt of the Bring-Along Notice (defined below) and upon the closing of the proposed Transfer to sell to the Third Party Purchaser(s), on the Same Terms and Conditions as apply to the Carlyle

Stockholders exercising their Bring-Along Right, that number of Securities equal to (i) the total number of Securities owned by such Executive Stockholder multiplied by (ii) a fraction, (A) the numerator of which is the total number of Securities to be sold by the Carlyle Stockholders in connection with such transaction or series of related transactions and (B) the denominator of which is the total number of the Securities collectively held by all Carlyle Stockholders. Notwithstanding anything to the contrary in this Section 4, if the Carlyle Stockholders require an Executive Stockholder to sell any Company Options issued under the Company Rollover Stock Plan to a Third Party Purchaser pursuant to this Section 4, such Executive Stockholder (and, if applicable, a Permitted Transferee and/or Related Trust of such Executive Stockholder) shall also sell, for no additional consideration, a corresponding number of shares of Company Special Voting Stock to such Third Party Purchaser.

(b) Any Carlyle Stockholders exercising their Bring-Along Right under this Section 4 shall deliver a written notice (a "Bring-Along Notice") to each Executive Stockholder. The Bring-Along Notice shall set forth: (i) the name of the Third Party Purchaser(s) and the number of Securities proposed to be sold by the Carlyle Stockholders to such Third Party Purchaser(s); (ii) the proposed amount and form of consideration and material terms and conditions of payment offered to such Executive Stockholder by the Third Party Purchaser(s) and a summary of any other material terms pertaining to the Transfer (the "Third Party Terms"); and (iii) the number of Securities that such Executive Stockholder shall be required to sell in such Transfer (as determined in accordance with Section 4(a) above). The Bring-Along Notice shall be given at least fifteen (15) Business Days before the closing of the proposed Transfer.

(c) Upon each Executive Stockholder's receipt of a Bring-Along Notice, such Executive Stockholder shall be obligated to sell such number of Securities as is set forth in the Bring-Along Notice on the Third Party Terms; provided, however, that no Executive Stockholder shall be required to bear more than such Executive Stockholder's pro rata share (determined based on the number of Securities sold in the transactions contemplated by the Bring-Along Notice) of all liabilities for the representations, warranties and other obligations incurred in connection with the transactions contemplated by the Bring-Along Notice (other than with respect to representations and warranties relating to the ownership of such Executive Stockholder's Securities or otherwise relating solely to such Executive Stockholder).

(d) At the closing of the Transfer to any Third Party Purchaser(s) pursuant to this Section 4, the Third Party Purchaser(s) shall remit to each Executive Stockholder (i) the consideration (as reduced by Section 4(g)) for the Securities held by such Executive Stockholder and being sold pursuant hereto, minus (ii) such Executive Stockholder's pro rata portion of any consideration to be placed in escrow or otherwise held back in accordance with the Third Party Terms, minus (iii) the aggregate exercise price of any Company Options being Transferred by such Executive Stockholder to such Third Party Purchaser(s), against transfer of such Securities, free and clear of all liens and encumbrances, by delivery by such Executive Stockholder of (A) certificates for such Securities, duly endorsed for Transfer or with duly executed stock powers reasonably acceptable to the Company and such Third Party Purchaser(s) and/or (B) an instrument evidencing the Transfer or the cancellation of the Company Options subject to the Bring-Along Right reasonably acceptable to the Company and such Third Party Purchaser(s).

and the compliance by such Executive Stockholder with any other conditions to closing or payment of consideration generally applicable to the Carlyle Stockholders and all other Stockholders selling Securities in such transaction. In the event that the proposed Transfer to such Third Party Purchaser is not consummated, the Bring-Along Right shall continue to be applicable to any proposed subsequent Transfer of Securities by the Carlyle Stockholders pursuant to this Section 4.

(e) In the event that any Carlyle Stockholders exercise their rights pursuant to this Section 4 or a Company Sale is approved by the Board and the holders of a majority of the then-outstanding Voting Shares, each Executive Stockholder shall consent to and raise no objections against such transaction, and shall take all actions that the Board and/or the applicable Carlyle Stockholders reasonably deem necessary or desirable in connection with the consummation of such transaction; provided, that (x) the acquisition of the Securities held by each Executive Stockholder in connection with such transaction shall be on the Same Terms and Conditions as the acquisition of the Securities held by the Carlyle Stockholders in connection with such transaction and (y) no Executive Stockholder shall be required to bear more than such Executive Stockholder's pro rata share (determined based on the number of Securities sold in connection with such Company Sale) of all liabilities of the Stockholders for the representations, warranties and other obligations incurred in connection with such Company Sale (other than with respect to representations and warranties relating to the ownership of such Executive Stockholder's Securities or otherwise relating solely to such Executive Stockholder). Without limiting the generality of the foregoing, each Executive Stockholder agrees, subject to the foregoing proviso, that it shall (i) consent to and raise no objections against such transaction; (ii) execute any purchase agreement, merger agreement or other agreement in connection with such transaction setting forth the terms and conditions of such transaction and any ancillary agreement with respect thereto; (iii) vote any Voting Shares held by such Executive Stockholder in favor of such transaction (including, without limitation, executing a written consent of stockholders approving such transaction); and (iv) refrain from the exercise of appraisal rights with respect to such transaction.

(f) If the Company or the holders of the Company's securities enter into any transaction for which Rule 506 (or any similar rule then in effect) promulgated under the Securities Act may be available (including, without limitation, a merger, consolidation or other reorganization), each Executive Stockholder shall, if requested by the Company, appoint a purchaser representative (as such term is defined in Rule 501 of the Securities Act) reasonably acceptable to the Company. If such purchaser representative was designated by the Company, the Company shall pay the fees and expenses of such purchaser representative, but if any Individual Stockholder appoints another purchaser representative, such Individual Stockholder shall be responsible for the fees and expenses of the purchaser representative so appointed.

(g) Each Stockholder shall bear its pro rata share of the fees, costs and expenses of any Company Sale or other transaction (pursuant to this Agreement or otherwise) in which it sells Securities.

Section 5. Permitted Transfers.

(a) Notwithstanding anything herein to the contrary, the restrictions set forth in the first sentence of Section 2 shall not apply to: (i) any Transfer of Company Common Stock, Company Restricted Common Stock or Company Non-Voting Common Stock by an Individual Stockholder that is a natural person (or a trust or entity of the type described below) (A) by gift to, or for the benefit of, any member or members of his or her immediate family (which shall include any spouse, or any lineal ancestor or descendant, niece, nephew, adopted child or sibling of him or her or such spouse, niece, nephew or adopted child), (B) to a trust under which the distribution of the Securities may be made only by such Individual Stockholder and/or such Individual Stockholder's immediate family or (C) to a partnership or limited liability company for the benefit of the immediate family of such Individual Stockholder and the partners or members of which are only such Individual Stockholder and such Individual Stockholder's immediate family; (ii) any Transfer of such Securities by an Individual Stockholder that is a natural person to the heirs, executors or legatees of such Individual Stockholder by operation of law or court order upon the death or incapacity of such Individual Stockholder; or (iii) any Transfer of such Securities by an Individual Stockholder that is not a natural person to an Affiliate; provided, that such Affiliate does not engage in any Competitive Activity (each of the Transfers referenced in clauses (i), (ii) and (iii) above which is otherwise in accordance with the provisions of this Section 5 is referred to herein as a "Permitted Transfer"). Upon any Permitted Transfer of Company Common Stock, the transferor shall retain a proxy to vote the same or shall (x) exchange the same with the Company for a share of Company Non-Voting Common Stock and, if such transferor so chooses (y) purchase from the Company for its par value a share of Company Special Voting Stock and Transfer in such Permitted Transfer only the share of Company Non-Voting Common Stock. In all such cases the Company shall take all reasonable actions to cooperate with the transferee and promptly effectuate any required exchanges or other arrangements contemplated hereby. The recipient of any Securities pursuant to the foregoing shall be referred to herein as a "Permitted Transferee" and shall be deemed a "Management Stockholder", an "Other Stockholder", or an "Executive Stockholder", as the case may be, for all purposes of this Agreement.

(b) Each Individual Stockholder shall give the Company at least twenty (20) days' prior written notice of any proposed Transfer pursuant to Section 5(a) above and prompt notice of any such actual Transfer.

Section 6. Registration Rights

(a) At any time, the Carlyle Stockholders may request in writing that the Company effect the registration of all or any part of the Registrable Securities held by the Carlyle Stockholders in an underwritten public offering (a "Registration Request"). The Company will use its best efforts to register, in accordance with the provisions of this Agreement, all Registrable Securities that have been requested to be registered by the Carlyle Stockholders in the Registration Request; provided, that (i) managing underwriters' estimate of the aggregate offering price of the Securities requested to be included in such Registration is at least \$75,000,000 and (ii) the Company shall not be required to register Registrable Securities during

the period starting with the date sixty (60) days prior to the Company's estimated date of filing of, and ending on a date one hundred and eighty (180) days after the effective date of, a registration initiated by the Company; provided that (x) in the case of a Registration Request received by the Company prior to the filing by the Company of such registration, the Company had been in good faith planning to file a registration statement within sixty (60) days of the Company's receipt of such Registration Request and (y) the Company is actively employing in good faith all reasonable efforts to cause the applicable registration statement to become effective and that the Company's estimate of the date of filing such registration statement is made in good faith. Any registration requested by the Carlyle Stockholders pursuant to this Section 6(a) is referred to in this Agreement as a "Demand Registration". In connection with a Demand Registration, the Company shall have the right to select the underwriters to administer the offering, subject to the reasonable approval of the Carlyle Stockholders.

(b) If the Company at any time proposes to register any shares of Company Common Stock under the Securities Act (including pursuant to a Registration Request), whether or not for sale for its own account (other than pursuant to a Special Registration) and the registration form to be used may also be used for the registration of Registrable Securities owned by the Stockholders, the Company shall notify the Stockholders at least twenty (20) days prior to the planned effective date of the registration statement in connection therewith. Upon the receipt of a written request of any Stockholder made within ten (10) days after such notice (which request shall specify the Registrable Securities intended to be disposed of by such Stockholder and the intended method of disposition thereof), the Company will, subject to the other provisions of this Section 6, include in such registration all Registrable Securities with respect to which the Company has received a written request for inclusion (a "Piggyback Registration"). Each such request shall also contain an undertaking from the applicable Stockholder to provide all such information and material and to take all actions as may be reasonably required by the Company in order to permit the Company to comply with all applicable federal and state securities laws.

(c) Each selling Stockholder shall pay all sales commissions or other similar selling charges with respect to Registrable Securities sold by such Stockholder pursuant to a Piggyback Registration. The Company shall pay all registration and filing fees, fees and expenses of compliance with federal and state securities laws, printing expenses, messenger and delivery expenses, fees and disbursements of counsel and accountants for the Company in connection with any registration, including, without limitation, a Demand Registration, unless the applicable state securities laws require that stockholders whose securities are being registered pay their pro rata share of such fees, expenses and disbursements, in which case each Stockholder participating in the registration shall pay its pro rata share of all such fees, expenses and disbursements based on its pro rata share of the total number of shares being registered.

(d) If a Demand Registration or Piggyback Registration is an underwritten registration, only Registrable Securities which are to be distributed by the underwriters may be included in the registration. If the managing underwriters or, if the Demand Registration or the Piggyback Registration is not an underwritten registration, the Company's investment bankers, advise the Company that in their opinion the number of Securities requested to be included in

such registration exceeds the number which can be sold in such offering or will have a material adverse effect on the price of the Registrable Securities to be sold, the Company will include in such registration or prospectus only such number of Securities that in the reasonable opinion of such underwriters or investment bankers can be sold without adversely affecting the marketability or price of the offering, which securities will be so included in the following order of priority: (i) for registrations pursuant to Section 6(a) or Section 6(b) in connection with Demand Registrations, first, Registrable Securities of the Stockholders who have requested registration of their Registrable Securities pursuant to Section 6(a) or Section 6(b), pro rata on the basis of the aggregate number of such Registrable Securities proposed to be registered by such Stockholders, second, any Securities proposed to be registered by the Company; and (ii) for registrations pursuant to Section 6(b) (other than in connection with Demand Registrations, which are addressed in clause (i)), first, Securities proposed to be registered by the Company, and second, Registrable Securities of the Stockholders who have requested registration of their Registrable Securities pursuant to Section 6(b), pro rata on the basis of the aggregate number of such Registrable Securities proposed to be registered by such Stockholders. Notwithstanding the foregoing, if the managing underwriters or, if the registration is not an underwritten registration, the Company's investment bankers, advise the Company that in their opinion, the inclusion in a Demand Registration or a Piggyback Registration of Registrable Securities held by the Management Stockholders will have a material adverse effect on the offering, then to the extent a greater reduction in the participation by Management Stockholders is approved in writing by at least two Senior Officers, the Company may reduce such Management Stockholder participation in such relatively greater proportion.

(e) Notwithstanding the foregoing, if at any time after giving written notice to the Stockholders of its intention to register any shares of Company Common Stock pursuant to Section 6(b) (other than Demand Registrations) and prior to the effective date of the registration statement filed in connection with such registration, the Company shall determine in accordance with the provisions of this Agreement not to register such securities, the Company may, at its election, give written notice of such determination to each Stockholder and thereupon shall be relieved of its obligation to register Registrable Securities as part of such terminated registration (but not from its obligation to pay expenses in connection therewith as provided in Section 6(c) above). Similarly, notwithstanding the foregoing, if at any time after giving written notice to the Company of its Registration Request pursuant to Section 6(a) and prior to the effective date of the registration statement filed in connection with such registration, the applicable Carlyle Stockholders shall determine in accordance with the provisions of this Agreement not to register such securities, the applicable Carlyle Stockholders may, at their election, give written notice of such determination to the Company (which, in turn shall give written notice to each Individual Stockholder) and thereupon the applicable Carlyle Stockholders and the Company shall be relieved of their respective obligations to register Registrable Securities as part of such terminated registration (but the Company shall not be relieved from its obligation to pay expenses in connection therewith as provided in Section 6(c)). If a registration pursuant to this Section 6 involves an underwritten public offering or Individual Stockholder requests to be included in such registration, such Individual Stockholder may elect, in writing prior to the effective date of the registration statement filed in connection with such registration, not to participate in such registration.

(f) Except as part of the applicable registered offering, each Stockholder agrees not to sell or offer for public sale or distribution, including pursuant to Rule 144, any of such Stockholder's Registrable Securities within fifteen (15) days prior to or one-hundred and eighty (180) days (or such shorter or longer period as determined by the underwriters and the Company to be appropriate) after the effective date of any registration (other than a Special Registration) with respect to which registration rights are available pursuant to this Section 6.

(g) The procedures to be used by the Company in effecting the registration of any Registrable Securities pursuant to this Section 6 and the rights of any holder of Registrable Securities shall be those customary for demand registrations and piggyback registrations and shall be subject to (i) without limitation of such Stockholder's obligations under Section 6(a) or Section 6(b), the Company's right to request customary undertakings on the part of the sellers of any Registrable Securities with respect to holdbacks and the furnishing of such information for inclusion in any Registration Statement to be used in connection with such sale as is customarily provided by selling stockholders, and (ii) in connection with any underwritten offering which includes Registrable Securities held by any Stockholder to be registered pursuant to this Section 6, the execution by such Stockholder of a customary underwriting agreement with the underwriters for such offering.

Section 7. Indemnification.

(a) The Company agrees to indemnify, to the extent permitted by law, each Stockholder participating in a registration pursuant to this Agreement, the officers and directors of such Stockholder and each Person that controls such Stockholder (within the meaning of the Securities Act) against any and all losses, claims, damages, liabilities and expenses, including, without limitation, all reasonable legal fees, incurred in connection therewith, arising out of, based upon or resulting from (i) any untrue statement or alleged untrue statement of a material fact contained in any registration statement, prospectus or preliminary prospectus, or any amendment thereof or supplement thereto, (ii) any omission or alleged omission of a material fact required to be stated therein or necessary to make the statement therein not misleading in light of the circumstances then existing or (iii) any violation or alleged violation by the Company of any federal, state, foreign or common law rule or regulation applicable to the Company and relating to action required of or inaction by the Company in connection with any such registration, except, in each case, insofar as it is judicially determined that the liability resulted from information furnished in writing to the Company by such Stockholder and stated by the Stockholder to be used therein or, in the case of an underwritten offering only, from such Stockholder's failure to deliver a copy of the registration statement, prospectus or preliminary prospectus or any amendments thereof or supplements thereto.

(b) Each Stockholder participating in a registration pursuant to this Agreement agrees to indemnify, to the extent permitted by law, the Company, its directors and officers and each Person that controls (within the meaning of the Securities Act) the Company against any and all losses, claims, damages, liabilities and expenses, including, without limitation, all reasonable legal fees, incurred in connection therewith, arising out of, based upon or resulting from (i) any untrue statement or alleged untrue statement of material fact contained

in any registration statement, prospectus or preliminary prospectus, or any amendment thereof or supplement thereto, or (ii) any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing, but only to the extent that such untrue statement is contained in or (as to the matters set forth in such information or affidavit) such omission is omitted from any information or affidavit furnished to the Company in writing by such Stockholder and stated to be expressly for use therein; provided, that such Stockholder's obligations hereunder shall be limited to an amount equal to the proceeds to such Stockholder of the Registrable Securities sold pursuant to such registration statement.

(c) In connection with an underwritten offering, the Company and each Stockholder participating in the related registration will indemnify the underwriter(s), their officers and directors and each Person who controls such underwriter(s) (within the meaning of the Securities Act) to the same extent as provided in this Section 7.

(d) Any Person entitled to indemnification under this Section 7 shall (i) give prompt written notice to the indemnifying party of any claim with respect to which it seeks indemnification and (ii) unless in such indemnified party's reasonable judgment a conflict of interest between such indemnified and indemnifying parties may exist with respect to such claim, permit such indemnifying party to assume the defense of such claim with counsel reasonably satisfactory to the indemnified party. If such defense is assumed, the indemnifying party will not be subject to any liability for any settlement made by the indemnified party without its consent (but such consent will not be unreasonably withheld). An indemnifying party who is not entitled to, or elects not to, assume the defense of a claim will not be obligated to pay the fees and expenses of more than one counsel for all parties indemnified by such indemnifying party with respect to such claim, unless in the reasonable judgment of any indemnified party a conflict of interest may exist between such indemnified party and any other of such indemnified parties with respect to such claim.

(e) The indemnification provided for under this Agreement will remain in full force and effect regardless of any investigation made by or on behalf of the indemnified party or any officer, director or controlling Person of such indemnified party and will survive the registration and sale of any securities by any Person entitled to any indemnification hereunder and the expiration or termination of this Agreement.

(f) If the indemnification provided for in this Section 7 is held by a court of competent jurisdiction to be unavailable to an indemnified party with respect to any loss, liability, claim, damage or expense referred to therein, then the indemnifying party, in lieu of indemnifying such indemnified party hereunder, will contribute to the amount paid or payable by such indemnified party as a result of such loss, liability, claim, damage or expense in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and of the indemnified party on the other hand in connection with the statements or omissions which resulted in such loss, liability, claim, damage or expense as well as any other relevant equitable considerations. The relevant fault of the indemnifying party and the indemnified party will be determined by reference to, among other things, whether the untrue or alleged untrue

statement of a material fact or the omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. Notwithstanding the foregoing, the amount any Stockholder will be obligated to contribute pursuant to this Section 7(f) will be limited to an amount equal to the proceeds to such Stockholder of the Registrable Securities sold pursuant to the registration statement which gives rise to such obligation to contribute (less the aggregate amount of any damages which the Stockholder has otherwise been required to pay in respect of such loss, claim, damage, liability or action or any substantially similar loss, claim, damage, liability or action arising from the sale of such Registrable Securities).

Section 8. Rights to Repurchase Securities held by Management Stockholders.

(a) During the period beginning on the date of a Termination of Service of a Management Stockholder, and ending on the date nine (9) months following the later of (i) the date of such Termination of Service, (ii) the date of the exercise of any vested Company Options held by such Management Stockholder and (iii) the date that the Company becomes aware that a Management Stockholder has since the date of this Agreement engaged in or is engaging in Competitive Activity, the Company shall have the option to repurchase the Securities issued pursuant to the Equity Incentive Plan (or any similar equity-based plans approved by the Board, other than the Company Rollover Stock Plan (which contains provisions applicable to the Securities to which it relates)) held by such terminated Management Stockholder and/or his Related Trusts and Permitted Transferees (collectively, the "Management Securities Call Right"). The Management Securities Call Right may be exercised more than once. The Management Securities Call Right shall be exercised by written notice (the "Management Securities Call Notice") to such Management Stockholder given in accordance with Section 16(f) below on or prior to the last day on which the Management Securities Call Right may be exercised by the Company. Notwithstanding the foregoing, the Company does not intend to exercise its Management Securities Call Right with respect to any Security unless the Security has been held by the Management Stockholder (and/or his or her Related Trusts or Permitted Transferees) for at least six months.

(b) The purchase price payable for such Securities held by such Management Stockholder by the Company upon exercise of the Management Securities Call Right (the "Management Securities Purchase Price") shall be as follows:

(i) If the Management Stockholder's employment is terminated by the Company for Cause, the purchase price for any Securities shall equal the lower of (A) (1) until the date that is five years after the initial grant of the award (as defined in the Equity Incentive Plan or any similar equity-based plan) pursuant to which the securities were issued, 90% of the Fair Market Value of such Securities as of the date of the Management Securities Call Notice (the "Repurchase Date") and (2) thereafter, the Fair Market Value, as of the Repurchase Date and (B) the aggregate cash price paid for such Securities, if any, by such Management Stockholder.

(ii) If the Management Stockholder's employment is terminated by the Company without Cause, by reason of such Management Stockholder's death, or Disability, or in a Company Approved Termination, the purchase price for any Securities shall equal the Fair Market Value of such Securities as of the Repurchase Date.

(iii) If the Management Stockholder's employment terminates for any other reason, the purchase price for any Securities shall equal the Fair Market Value, as of the Repurchase Date.

(iv) If the Management Stockholder's employment terminates or the Management Stockholder engages in Competitive Activity following a transfer of Foreclosed Securities by such Management Stockholder, any such Foreclosed Securities shall be subject to the Management Securities Call Right provided in this Section 8 and, if any such Foreclosed Securities were purchased pursuant to Section 2 at a price in excess of the price that would be payable upon exercise of the Management Securities Call Right with respect to such Foreclosed Securities pursuant to this Section 8, then any purchase price payable upon the exercise of the Management Securities Call Right shall be reduced (but not below zero) by the excess of the purchase price paid by the Company for the Foreclosed Securities pursuant to Section 2 over the price that would have otherwise been payable for the purchase of such Foreclosed Securities pursuant to this Section 8.

If and to the extent the Company exercises its right to repurchase any such Securities pursuant to this Section 8, any such Management Stockholder shall be obligated to sell such Securities to the Company.

(c) The repurchase of Securities pursuant to the exercise of the Management Securities Call Right shall take place on a date specified by the Company, but in no event later than sixty (60) days following the date of the exercise of such Management Securities Call Right or, if later, within ten (10) days following the receipt by the Company of all necessary governmental approvals. On such date, such Management Stockholder shall transfer the Securities subject to the Management Securities Call Notice to the Company, free and clear of all liens and encumbrances, by delivering to the Company the certificates or other documents representing the Securities to be purchased, duly endorsed for transfer to the Company or accompanied by a stock power duly executed in blank, in each case reasonably acceptable to the Company, and the Company shall pay to such Management Stockholder the Management Securities Purchase Price in cash or by bank or cashier's check.

(d) Notwithstanding any other provision of this Section 8, the Company shall not be permitted or obligated to make any payment with respect to a repurchase of any Securities from a Management Stockholder if (i) such repurchase (or the payment of a dividend by a Subsidiary to the Company to fund such repurchase) would result in a violation of the terms or provisions of, or result in a default or an event of default under any guaranty, financing or security agreement or document entered into by the Company or any Subsidiary from time to time (the "Financing Agreements"), (ii) such repurchase would violate any of the terms or provisions of the certificate of incorporation of the Company or (iii) the Company has no funds

legally available to make such payment under the General Corporation Law of the State of Delaware (each such event in clause (i), (ii) or (iii), a “Repurchase Disability”); provided, that (x) the Company shall notify in writing the Management Stockholder with respect to whom the repurchase right has been exercised (a “Disability Notice”) and (y) the Disability Notice shall specify the nature of the Repurchase Disability. If a repurchase by the Company otherwise permitted under this Section 8 is prevented by a Repurchase Disability: (i) the purchase and payment of the applicable purchase price shall be postponed and will take place at the first opportunity thereafter when the Company has funds legally available to make such payment and when such payment will not result in any default, event of default or violation under any of the Financing Agreements or in a violation of any term or provision of the certificate of incorporation of the Company, (ii) such repurchase obligation shall rank against other similar repurchase obligations with respect to Securities according to priority in time of the termination date giving rise to such repurchase (provided that any repurchase commitment arising from a termination of employment because of Disability or death shall have priority over any other repurchase obligation) and (iii) the applicable purchase price (except in the case of a termination for Cause) shall be either, in the Company’s discretion, as determined on the date the Company exercises its repurchase right, (i) increased by an amount equal to interest on such purchase price for the period during which payment is delayed at the market interest rate determined by the Company or (ii) the Fair Market Value of the Securities as of the date that the Repurchase Disability ceases to be applicable; provided, however, that if the Company has not repurchased Securities pursuant to this Section 8 within four years following the delivery of a Disability Notice, the Company shall thereafter have no right or obligation to repurchase such Securities.

(e) If a Management Stockholder’s employment with the Company is terminated other than (x) by the Company without Cause, (y) by reason of the Management Stockholder’s death or Disability or (z) in a Company Approved Termination, the Company shall have the option, for so long as it has a Management Securities Call Right with respect to such Management Stockholder, either in lieu of exercising such Management Securities Call Right or upon or following such exercise if a Repurchase Disability has occurred and is continuing, (i) to convert such Management Stockholder’s Company Common Stock to Company Non-Voting Common Stock and (ii) to purchase each share of Company Special Voting Stock held by such Management Stockholder from such Management Stockholder for a purchase price equal to par value of such share. The Company’s rights under this Section 8(g) shall be exercised by written notice to such Management Stockholder given in accordance with Section 16(L) on or prior to the last day on which the Management Securities Call right may be exercised by the Company.

(f) No Stockholder shall have any rights against the Company because of the Company’s election to waive, in its sole discretion, any of the Company’s rights with respect to the repurchase or conversion provisions set forth in this Section 8.

(g) For the avoidance of doubt, the provisions set forth in this Section 8 shall be applicable, *mutatis mutandis*, to any Securities held by a Management Stockholder that is a Related Trust upon the Termination of Service of any Related Individual or upon any Related Individual’s engagement in a Competitive Activity, as applicable.

Section 9. Rights to Repurchase Securities held by Other Stockholders

(a) During the period beginning on the date that the Company becomes aware that an Other Stockholder has since the date of this Agreement engaged in or is engaging in Direct Competitive Activity and ending on the date nine (9) months following such date, the Company shall have the option to repurchase the Securities held by such Other Stockholder and/or his Related Trusts and Permitted Transferees (collectively, the "Other Stockholder Securities Call Right"). The Other Stockholder Securities Call Right may be exercised more than once. The Other Stockholder Securities Call Right shall be exercised by written notice (the "Other Stockholder Securities Call Notice") to such Other Stockholder given in accordance with Section 16(f) below on or prior to the last day on which the Other Stockholder Securities Call Right may be exercised by the Company. For purposes of this Section 9, "Direct Competitive Activity" means being employed full-time, being employed part-time under an arrangement that requires 25% of the Other Stockholder's professional time in any 12-month period, or providing services as a consultant or independent contractor under an arrangement that requires more than 25% of the Other Stockholder's professional time in any 12-month period, in any such case by or to one of the foregoing Persons or divisions: (i) Electronic Data Services Corporation, Jacobs Engineering Group, Science Applications International Corporation, BearingPoint, Inc., Accenture Ltd., CACI International Inc., ManTech International Corporation, Stanley Associates, Inc., VSE Corporation, SRA International, Inc., Deloitte Consulting LLP, ARINC Incorporated, Computer Sciences Corporation, Scitor Corporation, SRI International, Alion Science and Technology, MTC Technologies Inc., SI International, SPARTA, Inc., or Wyle Laboratories, Inc., or (ii) the U.S. government services divisions of BAE Systems, The Boeing Company, General Dynamics, Harris Corp., IBM, L3 Communications, Lockheed Martin, Raytheon or Northrop Grumman; provided, however, that "Direct Competitive Activity" will not include any activity engaged in as an employee of or consultant to Booz & Company Inc., a Delaware corporation and a wholly owned subsidiary of the Company ("Newco"), to the extent Newco was permitted to engage in such activity under the Spin Off Agreement, dated as of May 15, 2008, by and between the Company and Newco, Booz & Company Intermediate I Inc., a Delaware corporation and a wholly owned subsidiary of Newco ("Newco 2"), and Booz & Company Intermediate II Inc., a Delaware corporation and a wholly owned subsidiary of Newco 2. Notwithstanding the foregoing, the Company does not intend to exercise its Other Stockholder Securities Call Right with respect to any Security unless the Security has been held by the Other Stockholder (and/or his or her Related Trusts or Permitted Transferees) for at least six months.

(b) The purchase price payable by the Company for the Securities held by such Other Stockholder upon exercise of the Other Stockholder Securities Call Right (the "Other Stockholder Securities Purchase Price") shall equal (i) until the third anniversary of the date of this Agreement, the lesser of (A) the Fair Market Value of the Securities subject to the Other Stockholder Securities Call Right on the date of the Other Stockholder Securities Call Notice and (B) \$100 per share and (ii) after the third anniversary of the date of this Agreement, the Fair Market Value of the Securities subject to the Other Stockholder Securities Call Right on the date of the Other Stockholder Securities Call Notice.

(c) The repurchase of Securities pursuant to the exercise of the Other Stockholder Securities Call Right shall take place on a date specified by the Company, but in no event later than sixty (60) days following the date of the exercise of such Other Stockholder Securities Call Right or, if later, within ten (10) days following the receipt by the Company of all necessary governmental approvals. On such date, such Other Stockholder shall transfer the Securities subject to the Other Stockholder Securities Call Notice to the Company, free and clear of all liens and encumbrances, by delivering to the Company the certificates or other documents representing the Securities to be purchased, duly endorsed for transfer to the Company or accompanied by a stock power duly executed in blank, in each case reasonably acceptable to the Company, and the Company shall pay to such Other Stockholder the Other Stockholder Securities Purchase Price in cash or by bank or cashier's check.

(d) Notwithstanding any other provision of this Section 9, the Company shall not be permitted or obligated to make any payment with respect to a repurchase of any Securities from an Other Stockholder if there exists any Repurchase Disability; provided, that the Company shall provide the Other Stockholder with respect to whom the repurchase right has been exercised with a Disability Notice specifying the nature of the Repurchase Disability. If a repurchase by the Company otherwise permitted under this Section 9 is prevented by a Repurchase Disability: (i) the purchase and payment of the applicable purchase price shall be postponed and will take place at the first opportunity thereafter when the Company has funds legally available to make such payment and when such payment will not result in any default, event of default or violation under any of the Financing Agreements or in a violation of any term or provision of the certificate of incorporation of the Company, (ii) such repurchase obligation shall rank against other similar repurchase obligations with respect to Securities according to priority in time of the termination date giving rise to such repurchase and (iii) the applicable purchase price shall be increased by an amount equal to interest on such purchase price for the period during which payment is delayed at either, at the Company's discretion, as determined on the date the Company exercises its repurchase right, (i) the applicable federal rate or (ii) the market rate of interest determined by the Company; provided, however, that if the Company has not repurchased Securities pursuant to this Section 9 within four years following the delivery of a Disability Notice, the Company shall thereafter have no right or obligation to repurchase such Securities.

(e) No Stockholder shall have any rights against the Company because of the Company's election to waive, in its sole discretion, any of the Company's rights with respect to the repurchase provisions set forth in this Section 9.

(f) For the avoidance of doubt, the provision set forth of this Section 9 shall be applicable, *mutatis mutandis*, to any Securities held by an Other Stockholder that is a Related Trust upon the engagement of any Related Individual in Direct Competitive Activity.

Section 10. [Reserved].

Section 11. Conversion of Company Non Voting Common Stock and Company Restricted Common Stock; Repurchase of Company Special Voting Stock.

In the event of any sale of Securities that, but for Section 5(f) of the Company's certificate of incorporation, would be shares of Company Non-Voting Common Stock or Company Restricted Common Stock, as the case may be, pursuant to (i) the exercise of Bring-Along Rights by the Carlyle Stockholders pursuant to Section 4 above, (ii) clause (a) of Section 2 above, or (iii) Section 6 above, such shares of Company Non-Voting Stock or Company Restricted Common Stock, as the case may be, shall, effective upon the consummation of such sale, be converted into shares of Company Common Stock pursuant to Section 5(f) of the Company's certificate of incorporation. In the event that any Management Stockholder (x) sells a Company Option to a Third Party Purchaser pursuant to this Agreement or (y) Transfers or has Transferred Company Non-Voting Common Stock to a Permitted Transferee, in each case, without a Transfer of the related share of Company Special Voting Stock, if any (which related share, in the case of clause (y), was purchased by such Management Stockholder pursuant to Section 5), then the Company shall promptly purchase from such Management Stockholder (and, if applicable, any Permitted Transferee and/or Related Trust of such Management Stockholder), and such Management Stockholder (and, if applicable, any Permitted Transferee and/or Related Trust of such Management Stockholder) shall sell to the Company, such share of Company Special Voting Stock, at par value, in the case of clause (x), promptly following such sale to a Third Party Purchaser and in the case of clause (y), concurrently with any conversion of such Non-Voting Common Stock to Company Common Stock.

Section 12. Section 280G Payments

(a) Except as otherwise provided in Section 12(b) below, in the event that it shall be determined that any right to receive an award, payment, deemed payment or other benefit or deemed benefit under any plan, arrangement or agreement (including, without limitation, the acceleration of the vesting and/or exercisability of an equity or other award and taking into account the effect of this Section 12) to or for the benefit of a Management Stockholder (the "Payments"), would, in whole or part when aggregated with any other right, payment or benefit to or for the Management Stockholder under all other agreements or benefit plans of the Company, constitute "parachute payments" made in connection with a "change in ownership or control" of a corporation, within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code"), which could reasonably be expected to result in the imposition of an excise tax on the Management Stockholder under Section 4999 of the Code or in the loss of any income tax deductions by the Company or the Person making such Payment under Section 280G of the Code if the value of any such "parachute payments" constitutes "excess parachute payments," within the meaning of Section 280G of the Code, then, to the extent necessary to make the Payments deductible and not subject to excise taxes to the maximum extent possible (but only to such extent and after taking into account any reduction in the Payments relating to Section 280G of the Code under any other plan, arrangement or agreement), the Payments shall not become exercisable, vested or payable. For purposes of determining

whether any of the Payments would not be deductible as a result of Section 280G of the Code or would be subject to an excise tax under Section 4999 of the Code and the amount of such disallowed deduction or excise tax, all Payments will be treated as “parachute payments” within the meaning of Section 280G of the Code, and all “parachute payments” in excess of the “base amount” (as defined under Section 280G(b)(3) of the Code) shall be treated as nondeductible and subject to the excise tax, unless and except to the extent that in the opinion of a nationally recognized accounting firm selected by the Company (the “Accountants”), such Payments (in whole or in part) either do not constitute “parachute payments,” including by reason of Section 280G(b)(4) of the Code, or are otherwise not subject to disallowance as a deduction or not subject to the excise tax. All determinations required to be made under this Section 12(a), including whether and which of the Payments are required to be reduced, the amount of such reduction and the assumptions to be utilized in arriving at such determinations, shall be made by the Accountants, provided, however, that such determinations shall be based upon “substantial authority” within the meaning of Section 6662 of the Code.

(b) Notwithstanding any other provision of this Agreement, the provisions of Section 12(a) above shall not apply to reduce the Payments if (i) the Payments that would otherwise be nondeductible under Section 280G of the Code or subject to an excise tax under Section 4999 of the Code are disclosed to and approved by the Stockholders in accordance with Section 280G(b)(5)(B) of the Code and the regulation codified at 26 C.F.R. § 1.280G-1 (the “280G Regulations”), (ii) immediately before the change in ownership or control the Company does not meet the requirements of Section 280G(b)(5)(A)(ii)(I) and the 280G Regulations, (iii) the Company fails to comply with Section 12(c) or (iv) prior to the earlier of (A) the applicable change in ownership or control and (B) the stockholder meeting called by the Company pursuant to Section 12(c), the Unaffiliated Directors, acting at the request of either Executive Director and taking into account all relevant considerations, including the rights of the Management Stockholders, determines that the provisions of Section 12(a) shall not apply to such Payments.

(c) The Company shall use its commercially reasonable best efforts to prepare and deliver to the Stockholders the disclosure required by Section 280G(b)(5)(B) of the Code with respect to the Payments and to obtain the approval of the Stockholders in accordance with Section 12(b) above prior to the applicable change in ownership or control.

Section 13. Termination.

Subject to the ability to terminate specific provisions of this Agreement set forth in Section 16(k), this Agreement, and the respective rights and obligations of the Parties, shall terminate upon the earliest of (a) the consummation of a Company Sale and (b) such time as more than 60% of the Securities have been sold to the public pursuant to an effective registration statement (other than a sale by the Company pursuant to a registration statement on Form S-8) or in accordance with Rule 144 or another exemption from registration.

Section 14. Certain Definitions.

(a) As used in this Agreement, the following terms shall have the meanings set forth below.

“Administrator” means the Board or any Committee appointed by the Board to administer the Equity Incentive Plan, as such plan may be modified or supplemented from time to time by the Board.

“Affiliate” means, with respect to any Person, any Person directly or indirectly controlling, controlled by or under common control with such Person. For purposes of this definition, “control” (and its derivatives) means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether by contract, through the ownership of voting securities, as trustee or executor, or otherwise.

“Aggregate Quantity of Securities” means, with reference to Securities owned by any Person at any time or Securities outstanding at any time for purposes of any computation hereunder, the number of shares of Company Common Stock, Company Restricted Common Stock and Company Non-Voting Common Stock issued and outstanding and held by such Person or all Persons, as the case may be, plus the number of shares of Company Common Stock issuable upon exercise, exchange or conversion of Company Options held by such Person or all Persons, as the case may be, excluding any Company Options issued under the Equity Incentive Plan which are not vested at such time. Further, the phrase “number of Securities” held by any Person or group of Persons or to be Transferred shall mean the number of shares of Company Common Stock, Company Restricted Common Stock and Company Non-Voting Common Stock held by such Person or group of Persons or to be Transferred, plus the number of shares of Company Common Stock issuable upon exercise, exchange or conversion of Company Options held by such Person or group of Persons (other than Company Options that have an exercise, exchange or conversion price per share greater than the price per share to be paid by the applicable Third Party Purchaser(s)).

“Business Day” means a day except a Saturday, a Sunday or other day on which banks in the City of New York are authorized or required by federal or state law to be closed.

“Carlyle Stockholders” means (a) the Initial Carlyle Stockholder and (b) any Affiliates of the Initial Carlyle Stockholder to which (i) the Initial Carlyle Stockholder or any other Person transfers Company Common Stock or (ii) the Company issues Company Common Stock.

“Cause” has the meaning specified in the Equity Incentive Plan.

“Company Approved Termination” means a termination of employment that the Company (through the members of its senior management), in its sole discretion, determines to be in the best interest of the Company and the Company’s approval of such termination as a Company Approved Termination is approved or ratified by the Board of Directors.

“Company Common Stock” means shares of the Company’s Class A Common Stock, par value \$0.01 per share.

“Company Non-Voting Common Stock” means shares of the Company’s Class B Non-Voting Common Stock, par value \$0.01 per share.

“Company Options” means options, issued in an Exchange or as Merger Consideration pursuant to the Merger Agreement, or any options issued thereafter, to purchase shares of Company Common Stock pursuant to an option agreement and the Company Rollover Stock Plan, the Equity Incentive Plan or any similar equity-based plans approved by the Board.

“Company Restricted Common Stock” means shares of the Company’s Class C Restricted Common Stock, par value \$0.01 per share.

“Company Rollover Stock Plan” means the Officer’s Rollover Stock Plan of the Company, as such plan may be modified or supplemented from time to time by the Board.

“Company Sale” means the consummation of any transaction or series of transactions (including, without limitation, any merger, recapitalization, reorganization, sale of stock or other similar transaction) pursuant to which one or more Persons or group of Persons (other than any Carlyle Stockholder) acquires (a) Securities possessing the voting power (without taking into account this Agreement or any other agreement or proxy limiting the voting power of the holder of such Securities) sufficient to elect a majority of the members of the Board or the board of directors of the successor to the Company (whether such transaction is effected by merger, consolidation, recapitalization, sale or transfer of the Company’s capital stock or otherwise) or (b) all or substantially all of the assets of the Company and its subsidiaries.

“Company Special Voting Stock” means shares of the Company’s Class E Special Voting Stock, par value \$0.03 per share.

“Competitive Activity” means directly or indirectly, engaging in or providing, or owning, investing in, managing, joining, operating or controlling, or participating in the ownership, management, operation or control of or being connected as a director, officer, employee, partner, member, consultant, or otherwise with, any business enterprise (whether for profit or not for profit) which is engaged in the business of providing consulting services, either management or technical, staff augmentation, or any related services which the Company or any of its divisions or subsidiaries provides for any U.S. Governmental Entity or any other business activities that, as of the date of the officer’s termination of employment, are directly competitive, in any geographic area in which the Company or any of its divisions or subsidiaries engages in business activities, with the business activities of the Company or any of its divisions, subsidiaries or affiliates (including any material business activities that, to the knowledge of the officer, the Company or any of its respective divisions, subsidiaries or affiliates were planning to engage in prior to the officer’s termination of employment as evidenced by reasonably documented plans and actions and that, to the officer’s knowledge, were still being actively pursued by the Company as of the date of such termination), in each case that is not approved in writing by the Administrator; provided, however, that (i) direct employment as an employee of (and not as a consultant or advisor to) any U.S. federal, state or local Governmental Entity shall not be considered a Competitive Activity; (ii) the officer’s acquisition of a passive stock or equity interest in such a business, which represents not more than five percent (5%) of the outstanding interest in such business shall not be considered a Competitive Activity; and (iii) employment by a competitor shall not be considered a Competitive Activity if (and only if) (A) the competitor

has more than one discrete business unit and, at the time of the officer's employment with the competitor, the businesses of the competitor that do not compete with the Company and its Subsidiaries are responsible for 75% or more of the revenue of such competitor; (B) the officer's duties relate solely to one or more business units that do not compete directly or indirectly with the Company or any of its Subsidiaries; (C) the officer is not providing any services or charged with any duties (including reporting duties) with respect to the business unit that is in competition with the Company or any of its Subsidiaries; and (D) if requested by the Company, the officer certifies in writing to the Company within thirty (30) days of receipt of such request that the position satisfies the requirements of this proviso. In the event any court of competent jurisdiction shall find that any provision hereof relating to Competitive Activity is not enforceable in accordance with its terms, the court shall reform such provisions such that the provisions shall be enforceable to the maximum extent permissible by law.

"Disability," has the meaning specified in the Equity Incentive Plan.

"Equity Incentive Plan" means the Equity Incentive Plan of the Company, as adopted on or prior to the date hereof, as such plan may be modified or supplemented from time to time by the Board.

"Exchange Act" means the Securities and Exchange Act of 1934, as amended.

"Fair Market Value" means, as of any date of determination, the fair market value of any given asset, including, without limitation, the applicable Securities, as determined by the Board in good faith with reference to the most recent valuation of the Company Common Stock performed by an independent valuation consultant or appraiser of nationally recognized standing (which valuation shall be prepared not less frequently than annually), provided, that the Fair Market Value of any vested Company Option shall be equal to the Fair Market Value of a share of Company Common Stock, minus the exercise price of such Company Option and provided, further, that the Fair Market Value of each share of Company Special Voting Stock shall be its par value at all times.

"Individual Stockholder" means any Person that is a Party to this Agreement other than the Carlyle Stockholders.

"Leadership Team" means the group of senior executives of the Company with policy-making functions, as designated by the Chief Executive Officer.

"Management Stockholder" means any Person identified as a "Management Stockholder" on the signature pages to this Agreement or the Original Agreement.

"Other Stockholder" means any Person identified as an "Other Stockholder" on the signature pages to this Agreement or the Original Agreement.

"Party," means any of the parties to this Agreement.

“Person” means any individual, corporation, partnership, limited partnership, limited liability company, syndicate, trust, association or other entity.

“Proxy and Tag-Along Agreements” has the meaning set forth in the Recitals.

“Registrable Securities” means (a) (i) shares of Company Common Stock held by a Stockholder, (ii) shares of Company Common Stock issuable upon exercise of any vested Company Options and (iii) shares of Company Common Stock issuable upon exchange of shares of Company Non-Voting Common Stock or Company Restricted Common Stock; and (b) any securities issued or issuable with respect to any of the foregoing (x) upon any conversion or exchange thereof, (y) by way of stock dividend or other distribution, stock split or reverse stock split or (z) in connection with a combination of shares, recapitalization, merger, consolidation, exchange offer or other reorganization. As to any particular Registrable Securities, once issued such securities shall cease to be Registrable Securities when (A) a registration statement with respect to the sale of such securities shall have become effective under the Securities Act and such securities shall have been disposed of in accordance with such registration statement, unless such securities are acquired and held by a Stockholder who is an affiliate (within the meaning of Rule 144) of the Company, (B) such securities shall have been distributed to the public in reliance upon Rule 144, (C) such securities shall have been otherwise transferred, new certificates for such securities not bearing a legend restricting further transfer shall have been delivered by the Company and subsequent disposition of such securities shall not require registration or qualification of such securities under the Securities Act, (D) such securities shall have been acquired by the Company, or (E) with respect to any such securities acquired by a Stockholder pursuant to the exemption from the registration requirements of the Securities Act contained in Rule 701 (or any successor provision) thereunder, at any time after the period described in Section 2(a), such securities have not at any time during the last six months been subject to any holdback obligation or other transfer restriction under Section 2 or Section 6.

“Related Individual” means, for any entity or trust, the natural person who initially transferred, assigned or otherwise granted to such entity or trust (i) Securities of the Company or (ii) securities of Booz Allen Hamilton, Inc. that were exchanged for Securities of the Company.

“Related Trust” means, for any natural person, any trusts or entities to which such natural person transferred, assigned or otherwise granted (i) Securities of the Company or (ii) securities of Booz Allen Hamilton, Inc. that were exchanged for Securities of the Company.

“Rollover Options” means options, issued in an Exchange or as Merger Consideration pursuant to the Merger Agreement, to purchase shares of Company Common Stock pursuant to an option agreement and the Company Rollover Stock Plan.

“Rule 144” means Rule 144 (or any successor provision) under the Securities Act.

“Same Terms and Conditions” means the same price and otherwise on the same terms and conditions; provided, however, that (a) any price paid for options will be subject to reduction for the applicable exercise price, (b) the form of consideration paid may be different so long as (i) the different forms of consideration have the same Fair Market Value as of the date of

approval by the Board of the applicable definitive agreement and (ii) no Carlyle Stockholder receives any form of consideration (including with respect to vesting and exercise provisions and similar restrictions) that the Individual Stockholders are not entitled to receive in the same proportion, (c) the Carlyle Stockholders may receive, even if not offered to the Individual Stockholders, rights to appoint members of the board of directors or similar governing body of the Third Party Purchaser or any of its Affiliates, or any other governance rights (including board observer rights), and (d) the Carlyle Stockholders may receive, even if not offered to Individual Stockholders, rights to Transfer any Securities received in such transaction not given to Individual Stockholders so long as the Individual Stockholders are permitted to Transfer their Securities on a pro rata basis with the Carlyle Stockholders.

“Securities” means (a) (i) shares of Company Common Stock, (ii) shares of Company Restricted Common Stock, (iii) shares of Company Non-Voting Common Stock, (iv) shares of Company Special Voting Stock and (v) Company Options; and (b) any securities issued or issuable with respect to any of the foregoing (x) upon any conversion or exchange thereof, (y) by way of stock dividend or other distribution, stock split or reverse stock split or (z) in connection with a combination of shares, recapitalization, merger, consolidation, exchange offer or other reorganization.

“Senior Officers” means the Chief Executive Officer, the Chief Financial Officer or the General Counsel of the Company.

“Service Provider” has the meaning specified in the Equity Incentive Plan.

“Share” means a share of Company Common Stock, Company Non-Voting Common Stock or Company Restricted Common Stock.

“Special Registration” means the registration of Securities and/or options or other rights in respect thereof solely on Form S-4 or S-8 or any successor form.

“Stockholders” means the Carlyle Stockholders and the Individual Stockholders.

“Termination of Service” means the time when a Management Stockholder ceases to be a Service Provider for any reason, whether for cause or without cause, including, but not by way of limitation, a termination by resignation, discharge, death or retirement, but excluding a termination where there is a simultaneous reemployment or reengagement by the Company or one of its subsidiaries.

“Transfer” means any direct or indirect sale, transfer, assignment, conveyance, pledge, by operation of law or otherwise, or other encumbrance or disposition, but does not include the sale of any shares of Company Special Voting Stock of the Company in accordance with the Company Rollover Stock Plan.

“Voting Shares” means shares of Company Common Stock, Company Restricted Common Stock and Company Special Voting Stock.

(b) The following terms have the meaning set forth in the Sections set forth below:

<u>Defined Term</u>	<u>Location of Definition</u>
Accountants	Section 12(a)
Agreement	Preamble
BAH	Recitals
Board	Section 1(a)
Bring-Along Notice	Section 4(b)
Bring-Along Right	Section 4(a)
Buyer	Recitals
Code	Section 12(a)
Company	Preamble
Demand Registration	Section 6(a)
Directors	Section 1(a)
Direct Competitive Activity	Section 9(a)
Disability Notice	Section 8(d)
Down-Round Preemptive Right	Section 10(a)
Equity Securities	Section 10(b)
Executive Directors	Section 1(a)
Executive Stockholder	Section 3(a)
Financing Agreements	Section 8(d)
Foreclosed Securities	Section 2
Foreclosure Transferee	Section 2
Initial Carlyle Stockholder	Preamble
IPO	Recitals
Lender	Section 2
Management Securities Call Notice	Section 8(a)
Management Securities Call Right	Section 8(a)
Management Securities Purchase Price	Section 8(b)
Merger	Preamble
Merger Agreement	Preamble
Merger Sub	Recitals
Newco	Section 9(a)
Newco 2	Section 9(a)
Individual Stockholders	Preamble
Other Stockholder Securities Call Notice	Section 9(a)
Other Stockholder Securities Call Right	Section 9(a)
Other Stockholder Securities Purchase Price	Section 9(b)
Payments	Section 12(a)
Permitted Transfer	Section 5(a)
Permitted Transferee	Section 5(a)
Piggyback Registration	Section 6(b)
Registration Request	Section 6(a)

Defined Term	Location of Definition
Repurchase Date	Section 8(b)
Repurchase Disability	Section 8(d)
Securities Act	Section 2
Third Party Purchaser	Section 4(a)
Third Party Terms	Section 4(b)
Unaffiliated Directors	Section 1(a)
280G Regulations	Section 12(b)

(c) Terms used but not defined herein have the meanings ascribed to them in the Merger Agreement.

Section 15. Effectiveness.

(a) This Agreement shall become effective upon the effectiveness of the registration statement relating to the IPO and shall be null and void with no force and effect if the IPO is not consummated within 60 days thereafter.

Section 16. Miscellaneous.

(a) Legends. Each certificate representing the securities issued by the Company and held by a Stockholder shall bear the following legends; provided, that the legend set forth below will be removed promptly from the certificates evidencing any securities which cease to be Registrable Securities in accordance with the definition of such term herein, or would cease to be Registrable Securities upon deliver of unlegended certificates by the Company:

“THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (“ACT”), OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT AND SAID LAWS OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS THEREOF.”

“THE SECURITIES REPRESENTED HEREBY ARE SUBJECT TO THE REPURCHASE RIGHTS, ADDITIONAL RESTRICTIONS ON TRANSFER AND CERTAIN OTHER AGREEMENTS SET FORTH IN THE BOOZ ALLEN HAMILTON HOLDING CORPORATION OFFICERS’ ROLLOVER STOCK PLAN AND AN AMENDED AND RESTATED STOCKHOLDERS AGREEMENT BETWEEN THE ISSUER AND THE STOCKHOLDERS AND OPTIONHOLDERS OF THE ISSUER, DATED AS OF [•], 2010. A COPY OF SUCH PLAN AND AGREEMENT SHALL BE FURNISHED WITHOUT CHARGE BY THE ISSUER TO THE HOLDER HEREOF UPON WRITTEN REQUEST.”

(b) Successors, Assigns and Transferees. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective legal representatives, heirs, legatees, successors, and assigns and any other transferee and shall also apply to any securities acquired by a Stockholder after the date hereof.

(c) Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, without giving effect to its principles or rules of conflict of laws to the extent such principles or rules are not mandatorily applicable by statute and would require or permit the application of the laws of another jurisdiction.

(d) Specific Performance; Submission to Jurisdiction. The Parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the Parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement in federal and state courts located in Wilmington, Delaware, this being in addition to any other remedy to which such party is entitled at law or in equity. In addition, each of the Parties hereto (i) consents to submit itself to the personal jurisdiction of the federal and state courts located in Wilmington, Delaware in the event any dispute arises out of this Agreement or any of the transactions contemplated by this Agreement; (ii) agrees that it will not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from such court, (iii) agrees that it will not bring any action relating to this Agreement or any of the transactions contemplated by this Agreement in any court other than the federal or state courts located in Wilmington, Delaware, and (iv) to the fullest extent permitted by Law, consents to service being made through the notice procedures set forth in Section 16(f). Each party hereto hereby agrees that, to the fullest extent permitted by Law, service of any process, summons, notice or document by U.S. registered mail to the respective addresses set forth in Section 16(f) shall be effective service of process for any suit or proceeding in connection with this Agreement or the transactions contemplated hereby.

(e) Interpretation. The headings of the Sections contained in this Agreement are solely for the purpose of reference, are not part of the agreement of the Parties and shall not affect the meaning or interpretation of this Agreement. The words "this Agreement", "herein", "hereunder", "hereof", "hereby", or other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or other subdivision hereof. Unless the context requires otherwise, pronouns in the masculine, feminine and neuter genders shall be construed to include any other gender, and words in the singular form shall be construed to include the plural and vice versa.

(f) Notices. All notices and other communications provided for or permitted hereunder shall be in writing and shall be deemed to have been duly given and received when delivered by overnight courier or hand delivery, when sent by telecopy, or five (5) days after mailing if sent by registered or certified mail (return receipt requested) postage prepaid, to the Parties at the following addresses (or at such other address for any Party as shall be specified by like notices).

(i) If to any Carlyle Stockholder, addressed to such Carlyle Stockholder, c/o The Carlyle Group, at:

1001 Pennsylvania Avenue, N.W.
Washington, DC 20004
Attention: Ian Fujiyama
Facsimile: (202) 347-9250

With a copy to:

Debevoise & Plimpton LLP
919 Third Avenue
New York, NY 10022
Attention: Jeffrey J. Rosen
Facsimile: (212) 909-6836

And a copy to:

Booz Allen Hamilton Inc.
8283 Greensboro Drive
McLean, Virginia 22012
Attention: Law Department
Facsimile: (703) 902-3580

(ii) If to any Individual Stockholder, to the address set forth on such Stockholder's signature page hereto.

With a copy to:

Booz Allen Hamilton Inc.
8283 Greensboro Drive
McLean, Virginia 22012
Attention: Law Department
Facsimile: (703) 902-3580

(iii) If to the Company:

Booz Allen Hamilton Inc.
8283 Greensboro Drive
McLean, Virginia 22012
Attention: Law Department
Facsimile: (703) 902-3580

With a copy to:

Debevoise & Plimpton LLP
919 Third Avenue
New York, NY 10022
Attention: Jeffrey J. Rosen
Facsimile: (212) 909-6836

And a copy to:

c/o The Carlyle Group
1001 Pennsylvania Avenue, N.W.
Washington, DC 20004
Attention: Ian Fujiyama
Facsimile: (202) 347-9250

(g) Recapitalization, Exchange, Etc. Affecting the Company's Capital Stock. The provisions of this Agreement shall apply, to the full extent set forth herein, with respect to any and all Securities and all of the shares of capital stock of the Company or any successor or assign of the Company (whether by merger, consolidation, sale of assets, or otherwise) that may be issued in respect of, in exchange for, or in substitution of such Securities, and shall be appropriately adjusted for any stock dividends, splits, reverse splits, combinations, recapitalizations, and the like occurring after the date hereof.

(h) Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to constitute one and the same agreement. Any facsimile copies hereof or signature thereon shall, for all purposes, be deemed originals.

(i) Attorney's Fees. In any action or proceeding brought to enforce any provision of this Agreement, the successful Party shall be entitled to recover reasonable attorney's fees and expenses in addition to any other available remedy.

(j) Severability. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstances, is held invalid, illegal, or unenforceable in any respect for any reason, the validity, legality, and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be in any way impaired thereby.

(k) Amendment. The provisions of each Section of this Agreement (including any defined terms to the extent such defined terms are used in any Section) may be amended or terminated and the observance thereof may be waived (either generally or in a particular instance and either retroactively or prospectively) only as follows:

(i) with respect to any amendments, terminations or waivers relating to the provisions of Section 1, Section 3, Section 4, or Section 16(m), by the written

consent of the Company (approved by the Board), the Carlyle Stockholders and the Executive Stockholders holding a majority of the Securities held by the Executive Stockholders;

(ii) with respect to any waivers of the provisions of Section 2 or Section 5 or any amendments or terminations thereof generally applicability, by the written consent of the Company (approved by the Board); provided that any such amendment or termination of such Sections that would have the effect of imposing additional restrictions on the ability of the Individual Stockholders to Transfer Securities thereunder shall require the written consent of the Individual Stockholders holding a majority of the Securities held by the Individual Stockholders;

(iii) with respect to any amendments, terminations or waivers relating to the provisions of Section 8, by the written consent of the Company (approved by the Board), the Carlyle Stockholders and the Management Stockholders holding a majority of the Securities held by the Management Stockholders;

(iv) with respect to any amendments, terminations or waivers relating to the provisions of Section 9, by the written consent of the Company (approved by the Board), the Carlyle Stockholders and the Other Stockholders holding a majority of the Securities held by the Other Stockholders;

(v) with respect to any amendments, terminations or waivers relating to the provisions of Section 11, by the written consent of the Company (approved by the Board); and

(vi) with respect to any amendments, terminations or waivers relating to the provisions of Section 6, Section 7, Section 10, Section 12, Section 13, Section 14 (except as otherwise provided herein), Section 15 or Section 16 (other than subsection (m)), by the written consent of the Company (approved by the Board) and the Carlyle Stockholders; provided that if such amendment, termination or waiver by its terms would materially and adversely affect the rights or obligations of the Individual Stockholders as compared to the Carlyle Stockholders, then such amendment, termination or waiver shall require the consent of the Individual Stockholders holding a majority of the Securities held by Individual Stockholders.

In addition to the foregoing, (x) if any such amendment, termination or waiver would by its terms materially and adversely affect the rights or obligations of a particular Stockholder in a manner materially different from or disproportionate to other similarly situated Stockholders, then such amendment, termination or waiver shall require such Stockholder's prior written consent and (y) if any such amendment, termination or waiver would materially and adversely affect the rights or obligations of the Individual Stockholders and either (I) would in doing so adversely affect the Other Stockholders in a manner materially different from or disproportionate to, the Management Stockholders, or (II) is being made in connection with, or pursuant to a transaction associated with, the payment or grant to the Management Stockholders of a material amount of new or additional cash, property or other valuable rights (other than reasonable

compensation arrangements for officers entered into in connection with any public offering) which are not being paid or granted to the Other Stockholders, then such amendment, termination or waiver shall require the prior written consent of Other Stockholders holding a majority of the Securities held by Other Stockholders. Any amendment, termination or waiver effected in accordance with this Section 16(k) shall be binding upon the Company, the Carlyle Stockholders and their successors and assigns and the Individual Stockholders and their successors and assigns. At any time hereafter, additional Stockholders may be made Parties hereto by (x) executing a signature page in the form attached as Exhibit A hereto, which signature page shall be countersigned by the Company and shall be attached to this Agreement and become a part hereof without any further action of any other Party hereto and (y) if such Stockholder is a resident of a state with a community or marital property system, by causing the spouse of such Stockholder to execute a spousal waiver in the form attached as Exhibit B.

(l) Tax Withholding. The Company shall be entitled to require payment in cash or deduction from other compensation payable to any Stockholder of any sums required by federal, state, or local tax law to be withheld with respect to the issuance, vesting, exercise, repurchase, or cancellation of any Share or any option to purchase Securities.

(m) Appointment of Proxy. Each Executive Stockholder hereby appoints Explorer Coinvest LLC as his true and lawful proxy and attorney-in-fact, with full power of substitution, to vote all of such Executive Stockholder's Voting Shares (j) for the election and removal of Directors and for all other matters provided for in Section 1 (other than Sections 1(f) and 1(g)) and (ii) for all matters set forth in Section 4(e); provided that such proxy shall not include the power to vote in any meeting or other process chosen by the Executive Stockholders to select designees as contemplated by Section 1(a). The proxies and powers granted pursuant to this Section 16(m) are coupled with an interest and are given to secure the performance of this Agreement. Such proxies and powers are irrevocable and binding upon the Executive Stockholders and the successors, assigns, representatives and executors thereof until the termination of this Agreement and shall revoke any and all prior proxies granted by the Executive Stockholder with respect to such Executive Stockholder's Voting Shares (other than any prior proxies granted to Explorer Coinvest LLC pursuant to a Proxy and Tag-Along Agreement).

(n) Entire Agreement. This Agreement (including any and all exhibits, schedules and other instruments contemplated thereby) constitute the entire agreement of the Parties with respect to the subject matter hereof.

[remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the Parties have executed this Agreement on the date first written above.

BOOZ ALLEN HAMILTON HOLDING CORPORATION

By: _____
Name:
Title:

[Signature Page to Stockholders Agreement]

EXPLORER COINVEST LLC

By: Carlyle Partners V US, L.P., its managing member

By: TC Group V US, L.P., its general partner

By: TC Group V US, L.L.C., its general partner

By: TC Group Investment Holdings, L.P., its managing member

By: TCG Holdings II, L.P., its general partner

By: _____
Name:
Title:

[Signature Page to Stockholders Agreement]

EXHIBIT A-1
SIGNATURE PAGE
TO
STOCKHOLDERS AGREEMENT

By execution of this signature page, _____ hereby agrees to become a Party to, to become a Management Stockholder under, and to be bound by the obligations of, and receive the benefits of, that certain Stockholders Agreement, dated as of _____, by and among Booz Allen Hamilton Holding Corporation, a Delaware corporation, Explorer Coinvest LLC, a Delaware limited liability company and certain other Parties named therein, as amended from time to time thereafter.

Signature: _____

Address: _____

Facsimile: _____

[Signature Page to Stockholders Agreement]

EXHIBIT A-2
SIGNATURE PAGE
TO
STOCKHOLDERS AGREEMENT

By execution of this signature page, _____ hereby agrees to become a Party to, to become an Other Stockholder under, and to be bound by the obligations of, and receive the benefits of, that certain Stockholders Agreement, dated as of _____, by and among Booz Allen Hamilton Holding Corporation, a Delaware corporation, Explorer Coinvest LLC, a Delaware limited liability company and certain other Parties named therein, as amended from time to time thereafter.

Signature: _____

Address: _____

Facsimile: _____

[Separation Agreement]

EXHIBIT A-3
SIGNATURE PAGE
TO
STOCKHOLDERS AGREEMENT

By execution of this signature page, _____ hereby agrees to become a Party to, to become an Executive Stockholder under, and to be bound by the obligations of, and receive the benefits of, that certain Stockholders Agreement, dated as of _____, by and among Booz Allen Hamilton Holding Corporation, a Delaware corporation, Explorer Coinvest LLC, a Delaware limited liability company and certain other Parties named therein, as amended from time to time thereafter.

Signature: _____

Address: _____

Facsimile: _____

[Separation Agreement]

EXHIBIT A-4
SIGNATURE PAGE
TO
STOCKHOLDERS AGREEMENT — TRUST

By execution of this signature page, _____ hereby agrees to become a Party to, to become a Management Stockholder under, and to be bound by the obligations of, and receive the benefits of, that certain Stockholders Agreement, dated as of _____, by and among Booz Allen Hamilton Holding Corporation, a Delaware corporation, Explorer Coinvest LLC, a Delaware limited liability company and certain other Parties named therein, as amended from time to time thereafter.

Signature of Trustee: _____
Name of Trustee: _____
Address of Trust: _____

Facsimile: _____

Accepted and Agreed by:

Signature of
Related Individual: _____
Name: _____

[Signature Page to Stockholders Agreement]

EXHIBIT A-5
SIGNATURE PAGE
TO
STOCKHOLDERS AGREEMENT — TRUST

By execution of this signature page, _____ hereby agrees to become a Party to, to become an Other Stockholder under, and to be bound by the obligations of, and receive the benefits of, that certain Stockholders Agreement, dated as of _____, by and among Booz Allen Hamilton Holding Corporation, a Delaware corporation, Explorer Coinvest LLC, a Delaware limited liability company and certain other Parties named therein, as amended from time to time thereafter.

Signature of Trustee: _____
Name of Trustee: _____
Address of Trust: _____

Facsimile: _____

Accepted and Agreed by:

Signature of
Related Individual: _____
Name: _____

[Signature Page to Stockholders Agreement]

EXHIBIT B
SPOUSAL WAIVER

I, [INSERT NAME] hereby waive and release any and all equitable or legal claims and rights, actual, inchoate or contingent, which I may acquire with respect to the disposition, voting or control of the Securities subject to the Stockholders Agreement, dated as of _____, _____, among Booz Allen Hamilton Holding Corporation and its stockholders, as the same shall be amended from time to time, except for rights in respect of the proceeds of any disposition of such Securities.

Name:

[Signature Page to Stockholders Agreement]

EXHIBIT C
SEPARATION OF EXECUTIVE STOCKHOLDER

Dated: _____

Booz Allen Hamilton Holding Corporation, a Delaware corporation (the "Company") and the undersigned individual hereby agree that, as of the date written above, the undersigned has ceased to serve as a member of the Leadership Team, as defined in the Stockholders Agreement, dated as of _____, by and among the Company, Explorer Coinvest LLC, a Delaware limited liability company and certain other Parties named therein, as amended from time to time thereafter (the "Stockholders Agreement"). The undersigned individual hereby agrees to remain a Party to, to remain a Management Stockholder under, and to be continue to bound by the obligations of, and to receive the benefits of, the Stockholders Agreement.

Name:

BOOZ ALLEN HAMILTON HOLDING CORPORATION

By: _____
Name:
Title

[Separation Agreement]

FORM OF
IRREVOCABLE PROXY AND TAG-ALONG AGREEMENT

This Irrevocable Proxy and Tag-Along Agreement (this "Agreement") is entered into as of the date(s) set forth on the signature pages attached hereto, by and among (a) Explorer Coinvest LLC, a Delaware limited liability company (the "Initial Carlyle Stockholder") and the stockholder whose name is set forth on the signature page hereof (the "Individual Stockholder").

RECITALS:

WHEREAS, the Carlyle Stockholder currently is the owner of 9,566,000 shares of Company Common Stock;

WHEREAS, the Individual Stockholder currently is the owner of the number of shares of Company Common Stock, Company Non Voting Common Stock, Company Restricted Common Stock, and Company Special Voting Stock and Company Options to purchase the number of shares of Company Common Stock, set forth on the signature page hereof; and

WHEREAS, the Initial Carlyle Stockholder wishes to enter into a pro rata tag-along agreement with the Individual Stockholder in exchange for the grant by the Individual Stockholder of an irrevocable proxy to the Initial Carlyle Stockholder.

NOW, THEREFORE, in consideration of the mutual promises, covenants, representations and warranties made herein and of the mutual benefits to be derived herefrom, the parties hereto agree as follows:

Section 1 Tag-Along Right.

(a) In the event that any Carlyle Stockholder(s) (the "Initiating Stockholder(s)") propose(s) to Transfer any Securities to a Third Party Purchaser other than (i) to a Permitted Transferee, (ii) pursuant to a registered public offering (it being understood that the Individual Stockholder has piggyback registration rights with respect to registered public offerings), (iii) in a bona fide sale to the public in accordance with Rule 144 under the Securities Act or (iv) in a pro-rata distribution made by any Carlyle Stockholder(s) to its partners or members for no additional consideration, then the Individual Stockholder shall have the right (the "Tag-Along Right") to require that the proposed Third Party Purchaser purchase from the Individual Stockholder up to a number of whole Securities (which securities shall not include Company Special Voting Stock (except to the extent described in the last sentence of this Section 1(a)) or unvested Company Restricted Common Stock, or Company Options that are not exercisable, except to the extent such Company Restricted Common Stock vests or Company Options become exercisable as a result of the transactions contemplated by the applicable Sale Notice) equal to the product of (x) the total number of Securities that the proposed Third Party Purchaser has agreed, committed or is willing to purchase and (y) a fraction, the numerator of which is the

Aggregate Quantity of Securities (excluding any Securities that are not Proxy Shares) owned by the Individual Stockholder, and the denominator of which is the Aggregate Quantity of Securities held by all holders of Securities (such product, the "Tag Eligible Securities"). Notwithstanding anything to the contrary in this Section 1, if the Individual Stockholder sells any Company Options issued under the Company Rollover Stock Plan to a Third Party Purchaser pursuant to this Section 1, the Individual Stockholder (and, if applicable, a Permitted Transferee and/or Related Trust of the Individual Stockholder) shall also sell, for no additional consideration, a corresponding number of shares of Company Special Voting Stock to such Third Party Purchaser.

(b) The Initiating Stockholder(s) shall notify the Individual Stockholder in writing in the event such Initiating Stockholder(s) propose(s) to make a Transfer or series of Transfers giving rise to the Tag-Along Right at least fifteen (15) Business Days prior to the date on which such Initiating Stockholder(s) expect(s) to consummate such Transfer (the "Sale Notice") which notice shall specify the number of Securities which the Third Party Purchaser intends to purchase in such Transfer and the Third Party Terms with respect thereto. The Tag-Along Right may be exercised by the Individual Stockholder by delivery of a written notice to the Company and the Initiating Stockholder(s) proposing to sell Securities (the "Tag-Along Notice") within ten (10) Business Days following receipt of the Sale Notice from such Initiating Stockholder(s). The Tag-Along Notice shall state the number of each type of Securities (which Securities shall not include Company Special Voting Stock (except to the extent described in the last sentence of Section 1(a)) or unvested Company Restricted Common Stock, or Company Options that are not exercisable, except to the extent such Company Restricted Common Stock vests or Company Options become exercisable as a result of the transactions contemplated by the applicable Sale Notice, and which shall not exceed the Tag Eligible Securities), that the Individual Stockholder proposes to include in such Transfer to the proposed Third Party Purchaser (such securities the "Transfer Securities"). In the event that the proposed Third Party Purchaser does not purchase from the Individual Stockholder's Transfer Securities, then the Initiating Stockholder(s) shall not be permitted to sell any Securities to the Third Party Purchaser, subject to the Initiating Stockholder's right to send a new Sale Notice in accordance with the procedures set forth in this Section 1.

(c) At the closing of the Transfer to any Third Party Purchaser pursuant to this Section 1, the Third Party Purchaser shall remit to the Individual Stockholder exercising its rights under this Section 1, (i) the consideration for the Securities held by the Individual Stockholder sold pursuant hereto, minus (ii) the Individual Stockholder's pro rata portion of any such consideration to be placed in escrow or otherwise held back in accordance with the Third Party Terms, minus (iii) the aggregate exercise price of any Company Options being Transferred by the Individual Stockholder to such Third Party Purchaser, against transfer of such Securities subject to the Tag-Along Rights, free and clear of all liens and encumbrances, by delivery by the Individual Stockholder of (A) certificates for such Securities, duly endorsed for Transfer or with duly executed stock powers reasonably acceptable to the Company and such Third Party Purchaser and/or (B) an instrument evidencing the Transfer of the Company Options subject to

the Tag-Along Right reasonably acceptable to the Company and such Third Party Purchaser, and the compliance by the Individual Stockholder with any other conditions to closing or payment of consideration generally applicable to the Initiating Stockholder(s) and all other holders of Securities selling Securities in such transaction; provided, however, that the Individual Stockholder shall not be required to bear more than the Individual Stockholder's pro rata share (determined based on the number of Securities sold in the transactions contemplated by the Tag-Along Notice) of all liabilities for the representations, warranties and other obligations incurred in connection with the transactions contemplated by the Tag-Along Notice (other than with respect to representations and warranties relating to the ownership of the Individual Stockholder's Securities or otherwise relating solely to the Individual Stockholder). Notwithstanding anything to the contrary in this Section 1, the Individual Stockholder shall bear its pro rata share of the aggregate fees, costs and expenses of all such transactions.

Section 2 Irrevocable Proxy.

(a) In consideration of the Tag-Along Right, the Individual Stockholder hereby irrevocably appoints the Initial Carlyle Stockholder, and any designee of the Initial Carlyle Stockholder, and each of them individually, as the true and lawful attorney-in-fact and proxy of the Individual Stockholder solely with respect to the matters set forth below, for and in the Individual Stockholder's name, place and stead, with full power of substitution and resubstitution, to vote the Proxy Shares or act by written consent on behalf of the Proxy Shares, solely with respect to the following matters:

(i) the election or removal of members of the board of directors of the Company; and

(ii) the consent to or approval of any Company Sale that is approved by the Board and the holders of a majority of the then-outstanding Voting Shares or any items submitted to the stockholders of the Company for their consent or approval in connection therewith (including, without limitation, any related votes under Sections 242, 251, 252, 254, 257, 258, 263, 264 or 271 of the Delaware General Corporation Law).

The Individual Stockholder hereby ratifies and confirms and undertakes to ratify and confirm all that the Initial Carlyle Stockholder, in its capacity as the proxyholder of the Proxy Shares, may lawfully do or cause to be done by virtue of the rights hereby granted.

(b) The proxy and power of attorney granted to the Initial Carlyle Stockholder pursuant to Section 2(a) of this Agreement by the Individual Stockholder shall, except as herein provided, be irrevocable during the term of this Agreement, shall be deemed to be coupled with an interest sufficient in law to support an irrevocable proxy and shall revoke any and all prior proxies granted by the Individual Stockholder with respect to the Proxy Shares (other than any prior proxies granted to the Initial Carlyle Stockholder pursuant to Section 16(m) of the Stockholders Agreement but including, if such Individual Stockholder is not a natural person,

any prior proxies granted to the Related Individual of such Individual Stockholder). The power of attorney granted by the Individual Stockholder herein is a durable power of attorney and shall survive the dissolution or bankruptcy of the Individual Stockholder, and shall revoke any and all prior powers of attorney granted by the Individual Stockholder with respect to the Proxy Shares. The proxy and power of attorney granted hereunder shall terminate upon the termination of this Agreement.¹

Section 3 Certain Definitions. Capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Stockholders Agreement.

“Affiliate” means, with respect to any Person, any Person directly or indirectly controlling, controlled by or under common control with such Person. For purposes of this definition, “control” (and its derivatives) means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether by contract, through the ownership of voting securities, as trustee or executor, or otherwise.

“Aggregate Quantity of Securities” means, with reference to Securities owned by any Person at any time or Securities outstanding at any time for purposes of any computation hereunder, the number of shares of Company Common Stock, Company Restricted Common Stock and Company Non-Voting Common Stock issued and outstanding and held by such Person or all Persons, as the case may be, plus the number of shares of Company Common Stock issuable upon exercise, exchange or conversion of Company Options held by such Person or all Persons, as the case may be, excluding (x) any Company Options issued under the Equity Incentive Plan which are not vested at such time and (y) Company Options that have an exercise, exchange or conversion price per share greater than the price per share to be paid by the applicable Third Party Purchaser. Further, the phrase “number of Securities” held by any Person or group of Persons or to be Transferred shall mean the number of shares of Company Common Stock, Company Restricted Common Stock and Company Non-Voting Common Stock held by such Person or group of Persons or to be Transferred, plus the number of shares of Company Common Stock issuable upon exercise, exchange or conversion of Company Options held by such Person or group of Persons (other than Company Options that have an exercise, exchange or conversion price per share greater than the price per share to be paid by the applicable Third Party Purchaser).

“Agreement” shall have the meaning set forth in the Preamble.

“Carlyle Stockholders” means (a) the Initial Carlyle Stockholder and (b) any Affiliates of the Initial Carlyle Stockholder to which (i) the Initial Carlyle Stockholder or any other Person transfers Company Common Stock or (ii) the Company issues Company Common Stock.

¹ Note: To the extent that any individuals execute this Agreement within New York State, this Agreement will need to be revised to conform with New York’s power of attorney requirements.

“Company” means Booz Allen Hamilton Holding Corporation, a Delaware corporation.

“Company Common Stock” means shares of the Company’s Class A Common Stock, par value \$0.01 per share.

“Company Non-Voting Common Stock” means shares of the Company’s Class B Non-Voting Common Stock, par value \$0.01 per share.

“Company Options” means options to purchase shares of Company Common Stock pursuant to an option agreement and the Company Rollover Stock Plan, the Equity Incentive Plan or any similar equity-based plans approved by the Board.

“Company Restricted Common Stock” means shares of the Company’s Class C Restricted Common Stock, par value \$0.01 per share.

“Company Rollover Stock Plan” means the Company’s Officer’s Rollover Stock Plan, as such plan may be modified or supplemented from time to time by the board of directors of the Company.

“Company Sale” means the consummation of any transaction or series of transactions (including, without limitation, any merger, recapitalization, reorganization, sale of stock or other similar transaction) pursuant to which one or more Persons or group of Persons (other than any Carlyle Stockholder) acquires (a) Securities possessing the voting power (without taking into account this Agreement or any other agreement or proxy limiting the voting power of the holder of such Securities) sufficient to elect a majority of the members of the board of directors of the Company or the board of directors of the successor to the Company (whether such transaction is effected by merger, consolidation, recapitalization, sale or transfer of the Company’s capital stock or otherwise) or (b) all or substantially all of the assets of the Company and its subsidiaries.

“Company Special Voting Stock” means shares of the Company’s Class E Special Voting Stock, par value \$0.03 per share.

“Individual Stockholder” shall have the meaning set forth in the Preamble.

“Initiating Stockholder” shall have the meaning set forth in Section 1(a).

“Party” means any of the parties to this Agreement.

“Permitted Transfer” means (i) any Transfer of Company Common Stock, Company Restricted Common Stock or Company Non-Voting Common Stock by an Individual Stockholder that is a natural person (or a trust or entity of the type described below) (A) by gift to, or for the benefit of, any member or members of his or her immediate family (which shall include any spouse, or any lineal ancestor or descendant, niece, nephew, adopted child or sibling of him or her or such spouse, niece, nephew or adopted child), (B) to a trust under which the distribution of the Securities may be made only by such Individual Stockholder and/or such

Individual Stockholder's immediate family or (c) to a partnership or limited liability company for the benefit of the immediate family of such Individual Stockholder and the partners or members of which are only such Individual Stockholder and such Individual Stockholder's immediate family, (ii) any Transfer of such Securities by an Individual Stockholder that is a natural person to the heirs, executors or legatees of such Individual Stockholder by operation of law or court order upon the death or incapacity of such Individual Stockholder; or (iii) any Transfer of such Securities by an Individual Stockholder that is not a natural person to an Affiliate; provided, that such Affiliate does not engage in any Competitive Activity (as defined in the Stockholders Agreement).

"Permitted Transferee" means the recipient of any Securities pursuant to a Permitted Transfer.

"Person" means any individual, corporation, partnership, limited partnership, limited liability company, syndicate, trust, association or other entity.

"Proxy Shares" means the outstanding Securities owned by the Individual Stockholder as of the date hereof, together with any Securities subsequently issued to the Individual Stockholder by the Company.

"Related Trust" means, for any natural person, any trusts or entities to which such natural person transferred, assigned or otherwise granted (i) Securities of the Company or (ii) securities of Booz Allen Hamilton, Inc. that were exchanged for Securities of the Company.

"Related Individual" means, for any entity or trust, the natural person who initially transferred, assigned or otherwise granted to such entity or trust (i) Securities of the Company or (ii) securities of Booz Allen Hamilton, Inc. that were exchanged for Securities of the Company.

"Sale Notice" shall have the meaning set forth in Section 1(b).

"Securities" means (a) (i) shares of Company Common Stock, (ii) shares of Company Restricted Common Stock, (iii) shares of Company Non-Voting Common Stock, (iv) shares of Company Special Voting Stock and (v) Company Options; and (b) any securities issued or issuable with respect to any of the foregoing (x) upon any conversion or exchange thereof, (y) by way of stock dividend or other distribution, stock split or reverse stock split or (z) in connection with a combination of shares, recapitalization, merger, consolidation, exchange offer or other reorganization.

"Stockholders Agreement" means that certain stockholders agreement, dated as of July 30, 2008, by and among the Company and its stockholders, as amended from time to time.

"Tag-Along Notice" shall have the meaning set forth in Section 1(b).

"Tag-Along Right" shall have the meaning set forth in Section 1(a).

“Tag Eligible Securities” shall have the meaning set forth in Section 1(a).

“Third Party Purchaser” means Persons other than an Affiliate of the Carlyle Stockholder.

“Transfer” means any direct or indirect sale, transfer, assignment, conveyance, pledge, by operation of law or otherwise, or other encumbrance or disposition, but does not include the sale of any shares of Company Special Voting Stock of the Company in accordance with the Company Rollover Stock Plan.

“Transfer Securities” shall have the meaning set forth in Section 1(b).

“Voting Shares” means shares of Company Common Stock, Company Restricted Common Stock and Company Special Voting Stock.

Section 4 Miscellaneous.

(a) Effective Time. This Agreement shall become effective upon the effectiveness of the registration statement relating to the initial public offering by the Company of Company Common Stock and shall be null and void with no force and effect if such initial public offering is not consummated within 60 days thereafter.

(b) Effect of Transfers of Proxy Shares. Except in connection with a Permitted Transfer, (i) no Transfer of Securities by the Individual Stockholder (or any of its Permitted Transferees) shall result in the transfer to the transferee of any Tag-Along Rights with respect to such transferred Securities and (ii) immediately prior to such Transfer, the proxy granted herein to the Carlyle Stockholder with respect to such transferred Securities shall terminate. In the event of a Transfer of any Proxy Shares to a Permitted Transferee by the Individual Stockholder, the Proxy Shares so Transferred shall continue to be subject to the terms and conditions of this Agreement and the Permitted Transferee shall take such Proxy Shares subject to the rights and obligations set forth herein.

(c) Assignment. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective legal representatives, heirs, legatees, successors, and, to the extent set forth in Section 4(b), transferees pursuant to Permitted Transfers, and shall not otherwise be assignable (whether by operation of law or otherwise) by any Party without the prior written consent of the other Party.

(d) Brokerage Accounts. The Individual Stockholder agrees that all Proxy Shares owned by the Individual Stockholder or any of its Permitted Transferees shall be held in the name of the Individual Stockholder or such Permitted Transferee and not in the name of any broker, brokerage firm or other nominee.

(e) Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, without giving effect to its principles or rules of conflict of laws to the extent such principles or rules are not mandatorily applicable by statute and would require or permit the application of the laws of another jurisdiction.

(f) Termination. This Agreement, and the respective rights and obligations of the Parties, shall terminate immediately upon the earliest to occur of (x) the execution by the Carlyle Stockholder and the Individual Stockholder of a written agreement to terminate this Agreement, (y) such time as more than 60% of the Securities have been sold to the public pursuant to an effective registration statement (other than a sale by the Company pursuant to a registration statement on Form S-8) or in accordance with Rule 144 or another exemption from registration or (z) such time when the Carlyle Stockholders cease collectively to own and have the power to dispose of Company Common Stock, Company Non-Voting Common Stock and Company Restricted Common Stock representing at least twenty-five percent (25%) of the interests in the Company represented by all issued and outstanding shares of Company Common Stock, Company Non-Voting Common Stock and Company Restricted Common Stock.

(g) Specific Performance; Submission to Jurisdiction. The Parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the Parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement in federal and state courts located in Wilmington, Delaware, this being in addition to any other remedy to which such Party is entitled at law or in equity. In addition, each of the Parties hereto (i) consents to submit itself to the personal jurisdiction of the federal and state courts located in Wilmington, Delaware in the event any dispute arises out of this Agreement or any of the transactions contemplated by this Agreement; (ii) agrees that it will not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from such court, (iii) agrees that it will not bring any action relating to this Agreement or any of the transactions contemplated by this Agreement in any court other than the federal or state courts located in Wilmington, Delaware, and (iv) to the fullest extent permitted by Law, consents to service being made through the notice procedures set forth in Section 4(f). Each Party hereto hereby agrees that, to the fullest extent permitted by Law, service of any process, summons, notice or document by U.S. registered mail to the respective addresses set forth in Section 4(f) shall be effective service of process for any suit or proceeding in connection with this Agreement or the transactions contemplated hereby.

(h) Interpretation. The headings of the Sections contained in this Agreement are solely for the purpose of reference, are not part of the agreement of the Parties and shall not affect the meaning or interpretation of this Agreement. The words "this Agreement", "herein", "hereunder", "hereof", "hereby", or other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or other subdivision hereof. Unless the context requires otherwise, pronouns in the masculine, feminine and neuter genders shall be construed to include any other gender, and words in the singular form shall be construed to include the plural and vice versa.

(i) Notices. All notices and other communications provided for or permitted hereunder shall be in writing and shall be deemed to have been duly given and received when

delivered by overnight courier or hand delivery, when sent by telecopy, or five (5) days after mailing if sent by registered or certified mail (return receipt requested) postage prepaid, to the Parties at the following addresses (or at such other address for any Party as shall be specified by like notices).

- (i) If to the Carlyle Stockholder, addressed to the Carlyle Stockholder, c/o The Carlyle Group, at:

1001 Pennsylvania Avenue, N.W.
Washington, DC 20004
Attention: Ian Fujiyama
Facsimile: (202) 347-9250

With a copy to:

Debevoise & Plimpton LLP
919 Third Avenue
New York, NY 10022
Attention: Jeffrey J. Rosen
Facsimile: (212) 909-6836

And a copy to:

Booz Allen Hamilton Inc.
8283 Greensboro Drive
McLean, Virginia 22012
Attention: Law Department
Facsimile: (703) 902-3580

- (ii) If to the Individual Stockholder, to the address set forth on the Individual Stockholder's signature page hereto

With a copy to:

Booz Allen Hamilton Inc.
8283 Greensboro Drive
McLean, Virginia 22012
Attention: Law Department
Facsimile: (703) 902-3580

(j) Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to constitute one and the same agreement. Any facsimile copies hereof or signature thereon shall, for all purposes, be deemed originals.

(k) Attorney's Fees. In any action or proceeding brought to enforce any provision of this Agreement, the successful Party shall be entitled to recover reasonable attorney's fees and expenses in addition to any other available remedy.

(l) Severability. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstances, is held invalid, illegal, or unenforceable in any respect for any reason, the validity, legality, and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be in any way impaired thereby.

(m) Integration. This Agreement constitutes the entire agreement among the parties pertaining to the subject matter hereof and supersedes all prior agreements and understandings of the parties in connection therewith.

[remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date(s) set forth below.

EXPLORER COINVEST LLC

By: Carlyle Partners V US, L.P., its managing member

By: TC Group V US, L.P., its general partner

By: TC Group V US, L.L.C., its general partner

By: TC Group Investment Holdings, L.P., its managing member

By: TCG Holdings II, L.P., its general partner

By: _____

Name:

Title:

Date:

[Signature page to Irrevocable Proxy and Tag-Along Agreement]

Date:

INDIVIDUAL STOCKHOLDER

Name:

Address:

If the Individual Stockholder is not a natural person:

By: _____

Name:

Title:

Company Common Stock: _____ shares

Company Non Voting Common Stock: _____ shares

Company Restricted Common Stock: _____ shares

Company Special Voting Stock: _____ shares

Company Options to purchase: _____ shares

If the Individual Stockholder is not a natural person,
solely for the purposes of Section 2(b), accepted and agreed by:

Signature of
Related Individual: _____

Name: _____

[Signature page to Irrevocable Proxy and Tag-Along Agreement]



BAH

**BOOZ ALLEN HAMILTON
HOLDING CORPORATION**

REGISTER

**CLASS A
COMMON STOCK**

INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE
THIS CERTIFICATE IS TRANSFERABLE IN JERSEY CITY, NJ, NEW YORK, NY AND PITTSBURGH, PA

CUSIP 099502 10 6
SEE REVERSE FOR
CERTAIN DEFINITIONS

THIS CERTIFIES THAT

[Blank area for record holder name]

IS THE RECORD HOLDER OF

FULLY PAID AND NON-ASSESSABLE SHARES OF CLASS A COMMON STOCK OF THE PAR VALUE OF \$.01 PER SHARE OF

BOOZ ALLEN HAMILTON HOLDING CORPORATION

transferable on the books of the Corporation by the holder hereof in person or by duly authorized Attorney, upon surrender of this Certificate, properly endorsed.
This Certificate is not valid until countersigned and registered by the Transfer Agent and Registrar.
WITNESS the facsimile seal of the Corporation and the facsimile signatures of its duly authorized officers.

Dated:

[Signature]

SECRETARY



[Signature]

PRESIDENT

COUNTERSIGNED AND REGISTERED:
MELLON INVESTOR SERVICES LLC
TRANSFER AGENT
AND REGISTRAR
AUTHORIZED OFFICER

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM — as tenants in common
TEN ENT — as tenants by the entireties
JT TEN — as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT—

_____ Custodian _____
(Cust) (Minor)
under Uniform Gifts to Minors
Act _____
(State)

Additional abbreviations may also be used though not in the above list.

For value received, _____ hereby sell, assign and transfer unto

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

[Empty box for Social Security or other identifying number]

PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS INCLUDING POSTAL ZIP CODE OF ASSIGNEE

_____ Shares
of the common stock represented by the within Certificate, and do hereby irrevocably
constitute and appoint _____

Attorney to transfer the said stock on the books of the within-named Corporation with full power of substitution in the premises.

Dated, _____

SIGNATURE(S) GUARANTEED:

NOTICE: THE SIGNATURE TO THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE CERTIFICATE, IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT, OR ANY CHANGE WHATSOEVER.

THE SIGNATURE(S) MUST BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION (BANKS, STOCKBROKERS, SAVINGS AND LOAN ASSOCIATIONS AND CREDIT UNIONS WITH MEMBERSHIP IN AN APPROVED SIGNATURE GUARANTEE MEDALLION PROGRAM), PURSUANT TO S.E.C. RULE 17Ad-15.

**AMENDED AND RESTATED EQUITY INCENTIVE PLAN
OF
BOOZ ALLEN HAMILTON HOLDING CORPORATION**

Booz Allen Hamilton Holding Corporation (the “Company”) hereby adopts this Amended and Restated Equity Incentive Plan of Booz Allen Hamilton Holding Corporation, which amends and restates the Equity Incentive Plan of Booz Allen Hamilton Holding Corporation (as amended and restated, the “Plan”). The purposes of this Plan are as follows:

(1) To further the growth, development and financial success of the Company and its Subsidiaries (as defined herein), by providing additional incentives to employees, consultants and directors of the Company and its Subsidiaries, who have been or will be given responsibility for the management or administration of the Company’s (or one of its Subsidiaries’) business affairs, by assisting them to become owners of Company Common Stock, thereby benefiting directly from the growth, development and financial success of the Company and its Subsidiaries.

(2) To enable the Company (and its Subsidiaries) to obtain and retain the services of the type of professional, technical and managerial employees, consultants and directors considered essential to the long-range success of the Company (and its Subsidiaries) by providing and offering them an opportunity to become owners of Company Common Stock pursuant to the exercise of Options, the grant of Restricted Stock or Restricted Stock Units, the grant of Performance Awards, the grant of other Stock-Based Awards or an offer to purchase shares of Company Common Stock.

**ARTICLE I.
DEFINITIONS**

Whenever the following terms are used in this Plan, they shall have the meaning specified below unless the context clearly indicates to the contrary. The singular pronoun shall include the plural where the context so indicates.

Section 1.1 “Administrator” shall mean the Board or any committee of the Board designated by the Board to administer the Plan. To the extent Section 162(m) of the Code is applicable to the Company and the Plan, and for those Awards intended to qualify as performance-based compensation under Section 162(m) of the Code, the Administrator shall mean the compensation committee of the Board or such other committee or subcommittee of the Board or the compensation committee as the Board or the compensation committee shall designate, consisting of two or more members, each of whom is a “Non-Employee Director” within the meaning of Rule 16b-3, as promulgated under the Exchange Act, and an “outside director” within the meaning of Section 162(m) of the Code.

Section 1.2 “Affiliate” shall mean, with respect to any Person, any other Person directly or indirectly controlling, controlled by or under common control with, such Person where “control” shall have the meaning given such term under Rule 405 of the Securities Act. For the purposes of this Plan, Affiliates of the Company shall include all Principal Stockholders.

Section 1.3 “Alternative Award” shall have the meaning set forth in Section 13.2.

Section 1.4 "Applicable Laws" shall mean the requirements relating to the administration of stock option, restricted stock, restricted stock unit and other equity-based compensation plans under U.S. state corporate laws, U.S. federal and state securities laws, the Code, any stock exchange or quotation system on which the Company Common Stock is listed or quoted and the applicable laws of any other country or jurisdiction where Awards are granted under the Plan.

Section 1.5 "Award" shall mean any Option, Stock Purchase Right, Restricted Stock, Restricted Stock Unit, Performance Share, Performance Unit, Stock Appreciation Right, Dividend Equivalent, Deferred Share Unit or other Stock-Based Award granted to a Participant pursuant to the Plan, including an Award combining two or more types in a single grant.

Section 1.6 "Award Agreement" shall mean any written agreement, contract or other instrument or document evidencing an Award, including through an electronic medium.

Section 1.7 "Base Price" shall have the meaning set forth in Section 1.56.

Section 1.8 "Board" shall mean the Board of Directors of the Company.

Section 1.9 "Cause" shall mean any of the following: (i) the Participant's commission of a material act of fraud, embezzlement, misappropriation, misconduct against the Company or any of its Affiliates, or the conviction of, or plea of no contest to, or imposition of unadjudicated probation for any crime that is a felony (or a comparable classification in a jurisdiction that does not use these terms) other than as a result of a traffic violation (unless such traffic violation results in a formal sentencing of the Participant to prison time), or the Participant's commission of a crime or other material act of misconduct that results in such Participant's loss of any government security clearance that is reasonably necessary to perform his or her material employment-related duties; (ii) the Participant's willful failure to substantially perform his or her material employment-related duties (other than any such failure resulting from the Participant's Disability) or the Participant's willful failure to carry out, or comply with, any lawful and reasonable directive of the Board or the Participant's immediate supervisor; (iii) the Participant's material violation of any material Company policy as in effect from time to time or material breach of the Participant's fiduciary duties to the Company or any of its Affiliates; (iv) the Participant's material breach of the Stockholders Agreement, the Plan, or any exchange agreement, Award Agreement, or employment, non-competition, nondisclosure or non-solicitation agreement between the Company or any of its Subsidiaries and the Participant or (v) the Participant's unlawful use (including being under the influence) or possession of illegal drugs on the Company's (or any Affiliate's) premises or while performing the Participant's duties and responsibilities; provided that, in the case of clauses (ii), (iii) or (iv), prior to October 1, 2010, such events shall only constitute Cause if not remedied within ten (10) business days (or such longer period as provided below) after receipt of written notice from the Company specifying such failure, violation or breach, as the case may be. The determination as to whether "Cause" has occurred shall be made by the Board, acting in good faith, which shall have the authority to waive the consequences under the Plan in the event of the existence or occurrence of any of the events, acts or omissions constituting "Cause." The Company must notify a Participant of any event alleged to constitute "Cause" within six months following the Board's knowledge of its existence or such event shall not constitute "Cause" for purposes of the Plan. A

termination for Cause shall be deemed to include a determination following a Participant's termination of employment for any reason if the circumstances existing prior to such termination would have entitled the Company or one of its Subsidiaries to have terminated such Participant's employment for Cause; provided, however, that this proviso shall not apply if, prior to termination of employment, the Board determined, following conclusion of an investigation, that such termination was not for Cause unless new facts regarding the Participant's conduct are revealed to the Board following termination of employment that result in a change in the Board's determination. The ten (10) business day period described above with respect to awards granted prior to October 1, 2010 may be extended for such longer period as the Chief Personnel Officer or, with respect to the Chief Personnel Officer, the Chief Executive Officer shall determine, in his sole discretion.

Section 1.10 "Change in Control" shall mean the occurrence of any of the following events:

(a) The acquisition, directly or indirectly, by any person, entity or "group" (as defined in Section 13(d) of the Exchange Act) (other than the Company, any Subsidiary, any Principal Stockholder or any Affiliate thereof, an employee benefit plan maintained by the Company, or a Person that, prior to such transaction, directly or indirectly controls, is controlled by, or is under common control with, the Company) of fifty (50) percent or more of the total combined voting power of the Company's then outstanding voting securities;

(b) The merger or consolidation of the Company, as a result of which persons who were shareholders of the Company immediately prior to such merger or consolidation, together with the Principal Stockholders, do not, immediately thereafter, own, directly or indirectly, more than fifty (50) percent of the combined voting power entitled to vote generally in the election of directors of the merged or consolidated company;

(c) The liquidation or dissolution of the Company other than a liquidation or dissolution of the Company into a Subsidiary or for the purposes of effecting a corporate restructuring or reorganization as a result of which persons who were shareholders of the Company immediately prior to such liquidation or dissolution, together with the Principal Stockholders, continue to own immediately thereafter, directly or indirectly, more than fifty (50) percent of the combined voting power entitled to vote generally in the election of directors of the entity that owns, directly or indirectly, substantially all of the assets of the Company following such transaction; or

(d) The sale, transfer or other disposition of all or substantially all of the assets of the Company to one or more persons or entities that are not, immediately prior to such transaction, Affiliates of the Company, or any employee benefit plan of the Company (other than by way of a transaction that would not be deemed a Change in Control pursuant to clauses (a) or (b) above);

in each case, provided that such event constitutes a "change in control" within the meaning of Section 409A of the Code.

Notwithstanding the foregoing, a "Change in Control" shall not be deemed to occur if the Company files for bankruptcy, liquidation or reorganization under the United States Bankruptcy Code or as a result of any restructuring that occurs as a result of any such proceeding.

Section 1.11 "Change in Control Price" shall mean the highest price per share of Company Common Stock offered in conjunction with any transaction resulting in a Change in Control.

Section 1.12 "Code" shall mean the Internal Revenue Code of 1986, as amended.

Section 1.13 "Company" shall mean Booz Allen Hamilton Holding Corporation, a Delaware corporation, and any successor.

Section 1.14 "Company Common Stock" shall mean the class A common stock, par value \$0.01 per share, of the Company and such other class of stock into which such common stock is hereafter converted or exchanged.

Section 1.15 "Competitive Activity" shall mean (a) directly or indirectly engaging in or providing, or owning, investing in, managing, joining, operating or controlling, or participating in the ownership, management, operation or control of, or being connected as a director, officer, employee, partner, member, consultant or otherwise with, any business enterprise (whether for profit or not for profit) that is engaged in the business of providing consulting services, either management or technical, staff augmentation, or any related services for any U.S. governmental entity or any other business activities that, as of the date of the Participant's termination of employment, are directly competitive in any geographic area with the business activities of the Company or any of its divisions, subsidiaries or Affiliates (including any business activities that, to the knowledge of the Participant, the Company or any of its respective divisions, subsidiaries or Affiliates has been planning to engage in prior to the Participant's termination of employment or service); (b) without the Company's prior written consent, recruiting for employment with any entity that competes with the Company, or hiring for such entity, any employee of the Company, former employee of the Company, or independent contractor to the Company who left the Company or discontinued providing services to the Company within six (6) months of the termination of the Participant's employment or (c) directly or indirectly using, disclosing or disseminating to any other Person or otherwise employing Confidential Information, in each case that is not approved in writing by the Administrator, it being understood that direct employment as an employee of (and not as a consultant or advisor to) any U.S. federal, state or local governmental entity shall not be considered a competitive activity. In the event any court of competent jurisdiction shall find that any provision hereof relating to Competitive Activity is not enforceable in accordance with its terms, the court shall reform such provisions such that the provisions shall be enforceable to the maximum extent permissible at law.

Section 1.16 "Confidential Information" shall mean any and all of three categories of information: (a) confidential proprietary information about the Company's business including, but not limited to, information that is not readily available to the public, and which concerns the Company's operations, financial results, plans and compensation structure, strategies, knowledge on-line database, clients, trade secrets, or any other proprietary information; (b) confidential information entrusted to the Company by third parties such as clients (including the U.S.

government and its agencies) or vendors and (c) personally identifiable information received from employees, clients, or third parties (including, but not limited to, names, addresses, Social Security Numbers, background information, credit card or bank information, telephone or facsimile numbers, e-mail addresses and health information), which if misused could result in identity theft, credit card fraud or other serious harm.

Section 1.17 “Consultant” shall mean any natural Person who is engaged by the Company or any of its Subsidiaries to render consulting or advisory services to such entity.

Section 1.18 “Corporate Event” shall mean, as determined by the Administrator in its sole discretion, any transaction or event described in Section 14.1(a) or any unusual or nonrecurring transaction or event affecting the Company, any Subsidiary of the Company, or the financial statements of the Company or any of its Subsidiaries, or changes in applicable laws, regulations or accounting principles (including, without limitation, a recapitalization of the Company).

Section 1.19 “Deferred Annual Amount” shall have the meaning set forth in Section 8.1.

Section 1.20 “Deferred Share Unit” shall mean a unit credited to a Participant’s account in the books of the Company under Article VIII that represents the right to receive Shares of Company Common Stock or cash equal to the Fair Market Value thereof on settlement of the account.

Section 1.21 “Director” shall mean a member of the Board or a member of the board of directors of any Subsidiary of the Company.

Section 1.22 “Disability” shall mean “disability,” as such term is defined in Section 22(e)(3) of the Code.

Section 1.23 “Dividend Equivalent” shall mean the right to receive payments in cash or in Shares, based on dividends with respect to Shares.

Section 1.24 “Effective Date” shall have the meaning set forth in Section 14.9.

Section 1.25 “Elective Deferred Share Unit” shall have the meaning set forth in Section 8.1.

Section 1.26 “Eligible Representative” for a Participant shall mean such Participant’s personal representative or such other person as is empowered under the deceased Participant’s will or the then applicable laws of descent and distribution to represent the Participant hereunder.

Section 1.27 “Employee” shall mean any employee (as defined in accordance with the regulations and revenue rulings then applicable under Section 3401(c) of the Code) of the Company or one of its Subsidiaries, whether such employee is so employed at the time this Plan is adopted or becomes so employed subsequent to the adoption of this Plan. A person shall not cease to be an Employee in the case of (a) any leave of absence approved by the Company or (b) transfers between locations of the Company or between the Company, any of its Subsidiaries,

or any successor. For purposes of Incentive Stock Options, no such leave may exceed three (3) months, unless reemployment upon expiration of such leave is guaranteed by statute or contract. If reemployment upon expiration of a leave of absence approved by the Company is not so guaranteed, the employment relationship shall be deemed to have terminated on the first day immediately following such three (3)-month period, and such Incentive Stock Option held by the Optionee shall cease to be treated as an Incentive Stock Option and shall be treated for tax purposes as a Non-Qualified Stock Option on the first day immediately following a three (3)-month period from the date the employment relationship is deemed terminated.

Section 1.28 "Equity Restructuring" shall mean, as determined by the Administrator in its sole discretion, a non-reciprocal transaction between the Company and its stockholders, such as a stock dividend, stock split, spin-off or recapitalization through a large, nonrecurring cash dividend, that affects the shares of Company Common Stock (or other securities of the Company) or the share price of Company Common Stock (or other securities) and causes a change in the per share value of the Company Common Stock underlying outstanding Awards.

Section 1.29 "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

Section 1.30 "Fair Market Value" of a Share as of a given date shall be:

(a) If the Company Common Stock is listed on any established stock exchange or a national market system, the closing sales price for a Share (or the closing bid, if no sales were reported) as quoted on such exchange or system on the date of determination, as reported in *The Wall Street Journal* or, if not so reported, such other source as the Administrator deems reliable;

(b) If the Company Common Stock is regularly quoted by a recognized securities dealer but selling prices are not reported, the Administrator shall determine the Fair Market Value in good faith with reference to the mean between the high bid and low asked prices for a Share on the date of determination and sales prices of securities issued to investors in any recent arm's length transactions; or

(c) In the absence of an established market for the Company Common Stock, the Fair Market Value shall be determined in good faith by the Administrator with reference to the most recent valuation of the Company Common Stock performed by an independent valuation consultant or appraiser of nationally recognized standing (which valuation shall be prepared not less frequently than annually) and sales prices of securities issued to investors in any recent arm's length transactions.

Section 1.31 "Incentive Stock Option" shall mean an Option which qualifies under Section 422 of the Code and is designated as an Incentive Stock Option by the Administrator.

Section 1.32 "Leadership Team" shall mean the group of senior executives of the Company with policy-making functions, as designated by the Chief Executive Officer of the Company.

Section 1.33 “Non-Qualified Stock Option” shall mean an Option which is not an “incentive stock option” under Section 422 of the Code and shall include an Option which is designated as a Non-Qualified Stock Option by the Administrator.

Section 1.34 “Non-U.S. Awards” shall have the meaning set forth in Section 12.4.

Section 1.35 “Option” shall mean an option to purchase Company Common Stock granted under the Plan. The term “Option” includes both an Incentive Stock Option and a Non-Qualified Stock Option.

Section 1.36 “Option Price” shall have the meaning set forth in Section 4.3.

Section 1.37 “Optionee” shall mean a Participant to whom an Option or SAR is granted under the Plan.

Section 1.38 “Participant” shall mean any Service Provider who has been granted an Award pursuant to the Plan.

Section 1.39 “Performance Award” shall mean Performance Shares, Performance Units and all other Awards that vest (in whole or in part) upon the achievement of specified Performance Goals.

Section 1.40 “Performance Cycle” shall mean the period of time selected by the Administrator during which performance is measured for the purpose of determining the extent to which a Performance Award has been earned or vested.

Section 1.41 “Performance Goals” means the objectives established by the Administrator for a Performance Cycle pursuant to Section 7.4 for the purpose of determining the extent to which a Performance Award has been earned or vested.

Section 1.42 “Performance Share” means an Award granted pursuant to Article VII of the Plan of a contractual right to receive a Share (or the cash equivalent thereof) upon the achievement, in whole or in part, of the applicable Performance Goals.

Section 1.43 “Performance Unit” means a dollar-denominated unit (or a unit denominated in the Participant’s local currency) granted pursuant to Article VII of the Plan, payable upon the achievement, in whole or in part, of the applicable Performance Goals.

Section 1.44 “Permitted Transfer” shall have the meaning ascribed to such term in the Stockholders Agreement.

Section 1.45 “Person” shall mean an individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, governmental authority or any other entity of whatever nature.

Section 1.46 “Plan” shall have the meaning set forth in the Preamble hereto.

Section 1.47 “Principal Stockholders” shall mean (i) the Initial Carlyle Stockholders (as defined in the Stockholders Agreement) and (ii) any of their Affiliates to which (a) any of the Principal Stockholders identified in clause (i) or any other Person transfers Company Common Stock or (b) the Company issues Company Common Stock.

Section 1.48 “Public Offering” shall mean the first day as of which (i) sales of Company Common Stock are made to the public in the United States pursuant to an underwritten public offering of the Company Common Stock led by one or more underwriters at least one of which is an underwriter of nationally recognized standing or (ii) the Administrator has determined that the Company Common Stock otherwise has become publicly traded for this purpose.

Section 1.49 “Restricted Stock” shall mean an Award granted pursuant to Section 6.1.

Section 1.50 “Restricted Stock Unit” shall mean an Award granted pursuant to Section 6.2.

Section 1.51 “Secretary” shall mean the Secretary of the Company.

Section 1.52 “Securities Act” shall mean the Securities Act of 1933, as amended.

Section 1.53 “Service Award” shall mean all Awards that vest solely based on the passage of time or continued service over a fixed period of time.

Section 1.54 “Service Provider” shall mean an Employee, Consultant or Director.

Section 1.55 “Share” shall mean a share of Company Common Stock.

Section 1.56 “Stock Appreciation Right” or “SAR” shall mean the right to receive a payment from the Company in cash and/or Shares equal to the product of (i) the excess, if any, of the Fair Market Value of one Share on the exercise date over a specified price (the “Base Price”) fixed by the Administrator on the grant date (which specified price shall not be less than the Fair Market Value of one Share on the grant date), multiplied by (ii) a stated number of Shares.

Section 1.57 “Stock-Based Award” shall have the meaning set forth in Section 9.1.

Section 1.58 “Stock Purchase Right” shall mean an Award granted pursuant to Section 3.4.

Section 1.59 “Stockholders Agreement” shall mean that certain agreement by and among each Participant, the Principal Stockholders, the Company and other parties thereto, which contains certain restrictions and limitations applicable to Awards granted under this Plan, as may be amended from time to time. Prior to a Public Offering, if the Participant is not a party to the Stockholders Agreement at the time of grant of an Award of Shares, settlement of an Award, purchase of Company Common Stock pursuant to a Stock Purchase Right or exercise of an Option or SAR (or any portion thereof), the time of grant of such Award, settlement of such Award, purchase of Company Common Stock pursuant to a Stock Purchase Right or, as applicable, the exercise of an Option or SAR shall be subject to the condition that the Participant

enter into the Stockholders Agreement with the Company in the form provided to the Participant by the Company.

Section 1.60 "Subplans" shall have the meaning set forth in Section 12.4.

Section 1.61 "Subsidiary" of any entity shall mean any corporation in an unbroken chain of corporations beginning with such entity if each of the corporations other than the last corporation in the unbroken chain then owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

Section 1.62 "Termination of employment," "termination of service" and any similar term or terms shall mean, with respect to a director who is not an Employee of the Company or any of its Subsidiaries, the date upon which such director ceases to be a member of the Board, with respect to a Consultant who is not an Employee of the Company or any of its Subsidiaries, the date upon which such Consultant ceases to provide consulting or advisory services to the Company or any of its Subsidiaries, and, with respect to an Employee, the date the Participant ceases to be an Employee; provided, that, with respect to any Award subject to Section 409A of the Code, such terms shall mean "separation from service," as defined in Section 409A of the Code and the rules, regulations and guidance promulgated thereunder.

Section 1.63 "Withholding Taxes" shall mean the statutory minimum of any federal, state, local or foreign income taxes, withholding taxes or employment taxes required to be withheld under Applicable Law.

ARTICLE II. SHARES SUBJECT TO PLAN

Section 2.1 Shares Subject to Plan.

(a) Subject to Section 14.1, the aggregate number of Shares which may be issued under this Plan is 2,800,000; provided, however, that subject to Section 2.1(b), no more than 2,800,000 Shares shall be issued in the form of Options under the Plan. The Shares may be authorized but unissued, or reacquired Company Common Stock.

(b) To the extent that an Award terminates, is forfeited, is repurchased, expires, or lapses for any reason, any Shares subject to the Award shall again be available for the grant of an Award pursuant to the Plan; provided, however, that vested Shares that are repurchased after being issued from the Plan shall not be available for future issuance under the Plan. Additionally, any Shares tendered or withheld to satisfy the grant or exercise price or tax withholding obligation pursuant to any Award shall again be available for the grant of an Award pursuant to the Plan. To the extent permitted by Applicable Law, Shares issued in assumption of, or in substitution for, any outstanding awards of any entity acquired in any form of combination by the Company or any of its Subsidiaries shall not be counted against Shares available for grant pursuant to this Plan.

Section 2.2 Individual Award Limitations. Subject to Section 2.1(a) and Section 14.1, the following individual Award limits shall apply to the extent Section 162(m) of the Code is

applicable to the Company and the Plan, and for those Awards intended to qualify as performance-based compensation under Section 162(m) of the Code:

(a) No Participant may receive the right to more than 45,000 Performance Shares, shares of performance-based Restricted Stock and Restricted Stock Units and performance-based Deferred Share Units under the Plan in any one year.

(b) No Participant may receive the right to Performance Units under the Plan in any one year with a value of more than US \$5,000,000 (or the equivalent of such amount denominated in the Participant's local currency).

(c) No Participant may receive Options, SARs or any other Award based solely on the increase in value of the Shares on more than 70,000 Shares under the Plan in any one year.

Section 2.3 Prohibition Against Repricing. From and after a Public Offering, except to the extent (i) approved in advance by holders of a majority of the Shares entitled to vote generally in the election of directors or (ii) as a result of any Corporate Event, the Administrator shall not have the power or authority to reduce, whether through amendment or otherwise, the exercise price of any outstanding Option or base price of any outstanding Stock Appreciation Right or to grant any new Award, or make any cash payment, in substitution for or upon the cancellation of Options or Stock Appreciation Rights previously granted.

ARTICLE III.

GRANTING OF OPTIONS AND SARs AND SALE OF COMPANY COMMON STOCK

Section 3.1 Eligibility. Non-Qualified Stock Options and Stock Appreciation Rights may be granted to Service Providers. Subject to Section 3.2, Incentive Stock Options may only be granted to Employees.

Section 3.2 Qualification of Incentive Stock Options. No Employee may be granted an Incentive Stock Option under the Plan if such Employee, at the time the Incentive Stock Option is granted, owns stock possessing more than ten (10) percent of the total combined voting power of all classes of stock of the Company or any then existing Subsidiary of the Company or "parent corporation" (within the meaning of Section 424(e) of the Code) unless such Incentive Stock Option conforms to the applicable provisions of Section 422 of the Code.

Section 3.3 Granting of Options and Stock Appreciation Rights to Service Providers.

(a) Options and Stock Appreciation Rights. The Administrator may from time to time:

(i) Select from among the Service Providers (including those to whom Options or SARs have been previously granted under the Plan) such of them as in its opinion should be granted Options and/or SARs;

(ii) Determine the number of Shares to be subject to such Options and/or SARs granted to such Service Provider, and determine whether such Options are to be Incentive Stock Options or Non-Qualified Stock Options; and

(iii) Determine the terms and conditions of such Options and SARs, consistent with the Plan.

Stock Appreciation Rights may be granted in tandem with Options or may be granted on a freestanding basis, not related to any Option. Unless otherwise determined by the Administrator at or after the grant date, Stock Appreciation Rights granted in tandem with Options shall have substantially similar terms and conditions to such Options to the extent applicable, or may be granted on a freestanding basis, not related to any Option.

(b) Upon the selection of a Service Provider to be granted an Option or SAR under this Section 3.3, the Administrator shall instruct the Secretary or another authorized officer to issue such Option or SAR and may impose such conditions on the grant of such Option or SAR as it deems appropriate. Without limiting the generality of the preceding sentence, but subject to Section 2.3, the Administrator may, subject to applicable securities laws, require as a condition to the grant of an Option or SAR to a Service Provider that the Service Provider surrender for cancellation all or a portion of the unexercised Options or SARs which have previously been granted to him or her. An Option or SAR, the grant of which is conditioned upon such surrender, may have an Option Price or Base Price that is lower (or higher) than the Option Price or Base Price of the surrendered Option or SAR, may cover the same (or a lesser or greater) number of Shares as the surrendered Option or SAR, may contain such other terms as the Administrator deems appropriate and shall be exercisable in accordance with its terms, without regard to the number of Shares, price, period of exercisability or any other term or condition of the surrendered Option or SAR. Subject to Section 14.3 of the Plan, any Incentive Stock Option granted under the Plan may be modified by the Administrator, without the consent of the Optionee, even if such modification would result in the disqualification of such Option as an "incentive stock option" under Section 422 of the Code.

Section 3.4 Sale of Company Common Stock to Service Providers. The Administrator, acting in its sole discretion, may from time to time designate one or more Service Providers to whom an offer to sell Shares shall be made and the terms and conditions thereof, provided, however, that the price per Share shall not be less than the Fair Market Value of such Shares on the date any such offer is accepted. Each Share sold to a Service Provider under this Section 3.4 shall be evidenced by a written stock purchase agreement in a form approved by the Board, which shall contain terms consistent with the terms hereof. Any Shares sold under this Section 3.4 shall be subject to the same limitations, restrictions and administration hereunder as would apply to any Shares issued pursuant to the exercise of an Option under this Plan including, but not limited to, conditions and restrictions set forth in Section 5.6 below. Shares acquired pursuant to this Section 3.4 prior to a Public Offering shall also be subject to the terms and conditions of a Stockholders Agreement, which shall be entered into with the Participant upon the acquisition of such Shares.

ARTICLE IV.
TERMS OF OPTIONS AND SARs

Section 4.1 Award Agreement.

(a) Each Option and each Stock Appreciation Right shall be evidenced by a written Award Agreement, which shall be executed by the Optionee and an authorized officer and which shall contain such terms and conditions as the Administrator shall determine, consistent with the Plan. Award Agreements evidencing Incentive Stock Options shall contain such terms and conditions as may be necessary to qualify such Options as "incentive stock options" under Section 422 of the Code.

(b) The Administrator may, at any time, and from time to time, amend the terms of any one or more existing Award Agreements, provided, however, that subject to the provisions of this Plan the rights of an Optionee under an Award Agreement shall not be adversely impaired in any material respect without the Optionee's written consent. The Company shall provide an Optionee with written notice of any amendment made to such Optionee's existing Award Agreement.

Section 4.2 Exercisability and Vesting of Options and Stock Appreciation Rights.

(a) Each Option and SAR shall vest and become exercisable according to the terms of the applicable Award Agreement; provided, however, that by a resolution adopted after an Option or SAR is granted the Administrator may, on such terms and conditions as it may determine to be appropriate, accelerate the time at which such Option or SAR or any portion thereof may be exercised.

(b) Except as otherwise provided by the Administrator or in the applicable Award Agreement, no portion of an Option or SAR which is unexercisable on the date that an Optionee incurs a termination of service as a Service Provider shall thereafter become exercisable.

(c) The aggregate Fair Market Value (determined as of the time the Option is granted) of all Shares with respect to which Incentive Stock Options are first exercisable by a Service Provider in any calendar year may not exceed \$100,000 or such other limitation as imposed by Section 422(d) of the Code, or any successor provision. To the extent that Incentive Stock Options are first exercisable by a Participant in excess of such limitation, the excess shall be considered Non-Qualified Stock Options.

(d) Stock Appreciation Rights granted in tandem with an Option shall become vested and exercisable on the same date or dates as the Options with which such Stock Appreciation Rights are associated vest and become exercisable. Stock Appreciation Rights that are granted in tandem with an Option may only be exercised upon the surrender of the right to exercise such Option for an equivalent number of Shares, and may be exercised only with respect to the Shares for which the related Option is then exercisable.

Section 4.3 Option Price and Base Price. The per Share purchase price of the Shares subject to each Option (the "Option Price") and the Base Price of each Stock Appreciation Right

shall be set by the Administrator and shall be not less than 100% of the Fair Market Value of such Shares on the date such Option or SAR is granted.

Section 4.4 Expiration of Options and SARs. No Option or SAR may be exercised to any extent by anyone after the first to occur of the following events:

(a) The expiration of ten (10) years from the date the Option or SAR was granted; or

(b) With respect to an Incentive Stock Option in the case of an Optionee owning (within the meaning of Section 424(d) of the Code), at the time the Incentive Stock Option was granted, more than 10% of the total combined voting power of all classes of stock of the Company or any Subsidiary, the expiration of five (5) years from the date the Incentive Stock Option was granted.

**ARTICLE V.
EXERCISE OF OPTIONS AND SARs**

Section 5.1 Person Eligible to Exercise. During the lifetime of the Optionee, only he or she may exercise an Option or SAR (or any portion thereof) granted to him or her; provided, however, that the Optionee's Eligible Representative may exercise his or her Option or SAR or portion thereof during the period of the Optionee's Disability. After the death of the Optionee, any exercisable portion of an Option or SAR may, prior to the time when such portion becomes unexercisable under the Plan or the applicable Award Agreement, be exercised by his or her Eligible Representative.

Section 5.2 Partial Exercise. At any time and from time to time prior to the time when the Option or SAR becomes unexercisable under the Plan or the applicable Award Agreement, the exercisable portion of an Option or SAR may be exercised in whole or in part; provided, however, that the Company shall not be required to issue fractional Shares and the Administrator may, by the terms of the Option or SAR, require any partial exercise to exceed a specified minimum number of Shares.

Section 5.3 Manner of Exercise. An exercisable Option or SAR, or any exercisable portion thereof, may be exercised solely by delivery to the Secretary of all of the following prior to the time when such Option or SAR or such portion becomes unexercisable under the Plan or the applicable Award Agreement:

(a) Subject to any conditions that may be imposed by the Administrator, notice in writing signed by the Optionee or his or her Eligible Representative, stating that such Option or SAR or portion is being exercised, and specifically stating the number of Shares with respect to which the Option or SAR is being exercised;

(b) If the Option or SAR is being exercised prior to a Public Offering, a copy of the Stockholders Agreement signed by the Optionee or Eligible Representative, if applicable;

(c) (i) With respect to the exercise of any Option, full payment (in cash (through wire transfer only) or by personal, certified, or bank cashier check) of the aggregate Option Price of the Shares with respect to which such Option (or portion thereof) is thereby exercised; or

(ii) With the consent of the Administrator, (A) Shares owned by the Optionee duly endorsed for transfer to the Company or (B) Shares issuable to the Optionee upon exercise of the Option, with a Fair Market Value on the date of Option exercise equal to the aggregate Option Price of the Shares with respect to which such Option (or portion thereof) is thereby exercised or

(iii) With the consent of the Administrator, any form of payment permitted by Applicable Laws and any combination of the foregoing methods of payment.

(d) Full payment to the Company (in cash or by personal, certified or bank cashier check or by any other means of payment approved by the Administrator) of all minimum amounts necessary to satisfy any and all Withholding Taxes arising in connection with the exercise of the Option or SAR;

(e) Such representations and documents as the Administrator deems necessary or advisable to effect compliance with all applicable provisions of the Securities Act and any other federal or state securities laws or regulations. The Administrator may, in its sole discretion, also take whatever additional actions it deems appropriate to effect such compliance including, without limitation, placing legends on share certificates and issuing stop-transfer orders to transfer agents and registrars and

(f) In the event that the Option or SAR or portion thereof shall be exercised as permitted under Section 5.1 by any person or persons other than the Optionee, appropriate proof of the right of such person or persons to exercise the Option or SAR or portion thereof.

Section 5.4 Optionee Representations. The Administrator, in its sole discretion, may require an Optionee to make certain representations or acknowledgements, on or prior to the purchase of any Shares pursuant to any Option or SAR granted under this Plan, in respect thereof including but not limited to that the Optionee is acquiring the Shares for an investment purpose and not for resale, and, if the Optionee is an Affiliate, additional acknowledgements regarding when and to what extent any transfers of such Shares may occur.

Section 5.5 Settlement of SARs. Unless otherwise determined by the Administrator, upon exercise of a Stock Appreciation Right, the Participant shall be entitled to receive payment in the form, determined by the Administrator, of Shares, or cash, or a combination of Shares and cash having an aggregate value (based in the case of Shares on Fair Market Value) equal to the amount determined by multiplying:

- (a) any increase in the Fair Market Value of one Share on the exercise date over the Base Price of such Stock Appreciation Right, by
- (b) the number of Shares with respect to which the Stock Appreciation Right is exercised;

(c) provided, however, that on the grant date, the Administrator may establish, in its sole discretion, a maximum amount per Share that may be payable upon exercise of a Stock Appreciation Right, and provided, further, that in no event shall the value of the Company Common Stock or cash delivered on exercise exceed the excess of the Fair Market Value of the Shares with respect to which the Stock Appreciation Right is exercised over the Fair Market Value of such Shares on the grant date of such Stock Appreciation Right.

Section 5.6 Conditions to Issuance of Stock Certificates. The Shares issuable and deliverable upon the exercise of an Option or SAR, or any portion thereof, may be either previously authorized but unissued Shares or issued Shares which have then been reacquired by the Company, subject to Section 2.1(b). The Company shall record shares delivered upon exercise of an Option or SAR in the books and records of the Company or a certificate of Shares will be delivered to the Optionee at the Company's principal place of business as soon as practicable after the Option or SAR is properly exercised or the Company may, in the Administrator's discretion, retain physical possession of the certificate until such time as the Administrator deems appropriate. Notwithstanding the above, the Company shall not be required to issue or deliver any certificate or certificates for Shares purchased upon the exercise of any Option or SAR or portion thereof prior to fulfillment of all of the following conditions:

- (a) The admission of such Shares to listing on any and all stock exchanges on which such class of Company Common Stock is then listed;
- (b) The completion of any registration or other qualification of such Shares under any state or federal law or under the rulings or regulations of the Securities and Exchange Commission or any other governmental regulatory body, which the Administrator shall, in its sole discretion, deem necessary or advisable;
- (c) The obtaining of any approval or other clearance from any state or federal governmental agency which the Administrator shall, in its sole discretion, determine to be necessary or advisable and
- (d) The payment to the Company (or its Subsidiary, as applicable) of all amounts which it is required to withhold under Applicable Law in connection with the exercise of the Option or SAR.

The Administrator shall not have any liability to any Optionee for any delay in the delivery of Shares to be issued upon an Optionee's exercise of an Option or SAR.

Section 5.7 Rights as Stockholders. The holder of an Option or SAR shall not be, nor have any of the rights or privileges of, a stockholder of the Company in respect of any Shares purchasable upon the exercise of any part of an Option or SAR unless and until such holder has (with respect to Options and SARs exercised prior to a Public Offering) signed a Stockholders Agreement provided by the Administrator and certificates representing such Shares have been issued by the Company to such holder.

Section 5.8 Transfer Restrictions. Shares acquired upon exercise of an Option or SAR granted prior to a Public Offering shall be subject to the terms and conditions of a Stockholders

Agreement. In addition, the Administrator, in its sole discretion, may impose further restrictions on the transferability of the Shares purchasable upon the exercise of an Option or SAR as it deems appropriate. Any such restriction shall be set forth in the respective Award Agreement and may be referred to on the certificates evidencing such Shares. The Administrator may require the Employee to give the Company prompt notice of any disposition of Shares acquired by exercise of an Incentive Stock Option, within two (2) years from the date of granting such Option or one (1) year after the transfer of such Shares to such Employee. The Administrator may direct that the certificates evidencing Shares acquired by exercise of an Incentive Stock Option refer to such requirement.

ARTICLE VI.
RESTRICTED STOCK AWARDS AND RESTRICTED STOCK UNIT AWARDS

Section 6.1 Restricted Stock.

(a) **Grant of Restricted Stock.** The Administrator is authorized to make Awards of Restricted Stock to any Service Provider selected by the Administrator in such amounts and subject to such terms and conditions as determined by the Administrator. All Awards of Restricted Stock shall be evidenced by an Award Agreement.

(b) **Issuance and Restrictions.** Restricted Stock shall be subject to such restrictions on transferability and other restrictions as the Administrator may impose (including, without limitation, limitations on the right to vote Restricted Stock or the right to receive dividends on the Restricted Stock). These restrictions may lapse separately or in combination at such times, pursuant to such circumstances, in such installments, or otherwise, as the Administrator determines at the time of the grant of the Award or thereafter.

(c) **Certificates for Restricted Stock.** Restricted Stock granted pursuant to the Plan may be evidenced in such manner as the Administrator shall determine. If certificates representing shares of Restricted Stock are registered in the name of the Participant, certificates must bear an appropriate legend referring to the terms, conditions, and restrictions applicable to such Restricted Stock, and the Company may, at its discretion, retain physical possession of the certificate until such time as all applicable restrictions lapse.

Section 6.2 Restricted Stock Units. The Administrator is authorized to make Awards of Restricted Stock Units to any Service Provider selected by the Administrator in such amounts and subject to such terms and conditions as determined by the Administrator. At the time of grant, the Administrator shall specify the date or dates on which the Restricted Stock Units shall become fully vested and nonforfeitable, and may specify such conditions to vesting as it deems appropriate. At the time of grant, the Administrator shall specify the maturity date applicable to each grant of Restricted Stock Units which shall be no earlier than the vesting date or dates of the Award and may be determined at the election of the grantee. On the maturity date, the Company shall, subject to the terms of this Plan, transfer to the Participant one Share for each Restricted Stock Unit scheduled to be paid out on such date and not previously forfeited. The Administrator shall specify the purchase price, if any, to be paid by the grantee to the Company for such Shares.

Section 6.3 Rights as a Stockholder. A Participant shall not have any rights as a stockholder in respect of Restricted Stock Units awarded pursuant to the Plan (including but not limited to the right to vote on any matter submitted to the Company's stockholders) until such time as the Shares attributable to such Restricted Stock Units have been issued to such Participant or his or her beneficiary.

ARTICLE VII.
PERFORMANCE SHARES AND PERFORMANCE UNITS

Section 7.1

(a) Grant of Performance Awards. The Administrator is authorized to make Awards of Performance Shares and Performance Units to any Participant selected by the Administrator in such amounts and subject to such terms and conditions as determined by the Administrator. All Performance Shares and Performance Units shall be evidenced by an Award Agreement.

(b) Issuance and Restrictions. The Administrator shall have the authority to determine the Participants who shall receive Performance Shares and Performance Units, the number of Performance Shares and the number and value of Performance Units each Participant receives for any Performance Cycle, and the Performance Goals applicable in respect of such Performance Shares and Performance Units for each Performance Cycle. Any adjustments to such Performance Goals shall be approved by the Administrator. The Administrator shall determine the duration of each Performance Cycle (the duration of Performance Cycles may differ from one another), and there may be more than one Performance Cycle in existence at any one time. Unless otherwise determined by the Administrator, the Performance Cycle for Performance Shares and Performance Units shall be three (3) years. An Award Agreement evidencing the grant of Performance Shares or Performance Units shall specify the number of Performance Shares and the number and value of Performance Units awarded to the Participant, the Performance Goals applicable thereto, and such other terms and conditions not inconsistent with the Plan as the Administrator shall determine. No Company Common Stock will be issued at the time an Award of Performance Shares is made, and the Company shall not be required to set aside a fund for the payment of Performance Shares or Performance Units.

Section 7.2 Earned Performance Shares and Performance Units. Performance Shares and Performance Units shall become earned, in whole or in part, based upon the attainment of specified Performance Goals or the occurrence of any event or events, including a Corporate Event, as the Administrator shall determine, either at or after the grant date. In addition to the achievement of the specified Performance Goals, the Administrator may, at the grant date, condition payment of Performance Shares and Performance Units on such conditions as the Administrator shall specify. The Administrator may also require the completion of a minimum period of service (in addition to the achievement of any applicable Performance Goals) as a condition to the vesting of any Performance Share or Performance Unit Award.

Section 7.3 Rights as a Stockholder. A Participant shall not have any rights as a stockholder in respect of Performance Shares or Performance Units awarded pursuant to the Plan (including but not limited to the right to vote on any matter submitted to the Company's

stockholders) until such time as the Shares attributable to such Performance Shares or Performance Units have been issued to such Participant or his or her beneficiary.

Section 7.4 Performance Goals. The Administrator shall establish the Performance Goals that must be satisfied in order for a Participant to receive an Award for a Performance Period or for an Award of Performance Shares or Performance Units to be earned or vested. At the discretion of the Administrator, the Performance Goals may be based upon the total return to the Company's shareholders, inclusive of dividends paid, during the applicable Performance Cycle (determined either in absolute terms or relative to the performance of one or more similarly situated companies or a published index covering the performance of a number of companies), or upon the relative or comparative attainment of one or more of the following criteria, whether in absolute terms or relative to the performance of one or more similarly situated companies or a published index covering the performance of a number of companies: earnings before interest, taxes, depreciation and amortization, operating earnings, net earnings, income, earnings before interest and taxes, total shareholder return, return on the Company's assets, increase in the Company's earnings or earnings per share, revenue growth, share price performance, return on invested capital, operating income, pre- or post-tax, income, net income, economic value added, profit margins, cash flow, improvement in or attainment of expense or capital expenditure levels, improvement in or attainment of working capital levels, return on equity, debt reduction, gross profit, market share, cost reductions, workforce satisfaction and diversity goals, workplace health and safety goals, employee retention, completion of key projects and strategic plan development and/or implementation, job profit or performance against a multiplier; or, for any period of time in which Section 162(m) is not applicable to the Company and the Plan, and at any time in the case of persons who are not "covered employees" under Section 162(m) of the Code, such other criteria as may be determined by the Administrator. Performance Goals may be established on a Company-wide basis or with respect to one or more business units, divisions, Subsidiaries, or products. When establishing Performance Goals for a Performance Cycle, the Administrator may exclude any or all "extraordinary items" as determined under U.S. generally accepted accounting principles and as identified in the financial statements, notes to the financial statements or management's discussion and analysis in the annual report, including, without limitation, the charges or costs associated with restructurings of the Company, discontinued operations, extraordinary items, capital gains and losses, dividends, Share repurchase, other unusual or non-recurring items, and the cumulative effects of accounting changes. Except in the case of Awards to "covered employees" intended to be performance-based compensation under Section 162(m) of the Code, the Administrator may also adjust the Performance Goals for any Performance Cycle as it deems equitable in recognition of unusual or non-recurring events affecting the Company, changes in applicable tax laws or accounting principles, or such other factors as the Administrator may determine (including, without limitation, any adjustments that would result in the Company paying non-deductible compensation to a Participant).

Section 7.5 Special Rule for Performance Goals. If, at the time of grant, the Administrator intends a Performance Share Award, Performance Unit or other Performance Award to qualify as performance-based compensation within the meaning of Section 162(m) of the Code, the Administrator must establish Performance Goals for the applicable Performance Cycle prior to the 91st day of the Performance Cycle (or by such other date as may be required

under Section 162(m) of the Code) but not later than the date on which 25% of the Performance Cycle has lapsed.

Section 7.6 Negative Discretion. Notwithstanding anything in this Article VII to the contrary, the Administrator shall have the right, in its absolute discretion, (i) to reduce or eliminate the amount otherwise payable to any Participant under Section 7.9 based on individual performance or any other factors that the Administrator, in its discretion, shall deem appropriate and (ii) to establish rules or procedures that have the effect of limiting the amount payable to each Participant to an amount that is less than the maximum amount otherwise authorized.

Section 7.7 Affirmative Discretion. Notwithstanding any other provision in the Plan to the contrary, but subject to the maximum number of Shares available for issuance under Section 2.1 of the Plan, (i) the Administrator shall have the right, in its discretion, to grant an Award in cash, Shares or other Awards, or in any combination thereof, to any Participant (except for a Participant who is a “covered employee” as defined in Section 162(m)(3) of the Code, to the extent Section 162(m) of the Code is applicable to the Company and the Plan) for the year in which the amount paid would ordinarily be deductible by the Company for federal income tax purposes in an amount up to the maximum bonus payable, based on individual performance or any other criteria that the Administrator deems appropriate and (ii) in connection with the hiring of any person who is or becomes a “covered employee” as defined in Section 162(m)(3) of the Code, the Administrator may provide for a minimum bonus amount in any Performance Cycle, regardless of whether the performance objectives are attained.

Section 7.8 Certification of Attainment of Performance Goals. As soon as practicable after the end of a Performance Cycle and prior to any payment or vesting in respect of such Performance Cycle, the Administrator shall certify in writing the number of Performance Shares or other Performance Awards and the number and value of Performance Units that have been earned or vested on the basis of performance in relation to the established Performance Goals.

Section 7.9 Payment of Awards. Payment or delivery of Company Common Stock with respect to earned Performance Shares and earned Performance Units shall be distributed to the Participant or, if the Participant has died, to the Participant’s Eligible Representative, as soon as practicable after the expiration of the Performance Cycle and the Administrator’s certification under Section 7.8 above and in any event no later than the earlier of (i) 2 1/2 months after the end of the fiscal year in which the Performance Cycle expires and (ii) ninety (90) days after the expiration of the Performance Cycle, provided that payment or delivery of Company Common Stock with respect to earned Performance Shares and earned Performance Units shall not be distributed to a Participant until any other conditions on payment of such Awards established by the Administrator have been satisfied. The Administrator shall determine whether earned Performance Shares and the value of earned Performance Units are to be distributed in the form of cash, Shares or in a combination thereof, with the value or number of Shares payable to be determined based on the Fair Market Value of the Company Common Stock on the date of the Administrator’s certification under Section 7.8 above. The Administrator shall have the right to impose whatever conditions it deems appropriate with respect to the award or delivery of Shares, including conditioning the vesting of such Shares on the performance of additional service.

Section 7.10 Newly Eligible Participants. Notwithstanding anything in this Article VII to the contrary, the Administrator shall be entitled to make such rules, determinations and adjustments as it deems appropriate with respect to any Participant who becomes eligible to receive Performance Shares, Performance Units or other Performance Awards after the commencement of a Performance Cycle.

ARTICLE VIII.
DEFERRED SHARE UNITS

Section 8.1 Grant. Subject to Article XII, the Administrator is authorized to make awards of Deferred Share Units to any Participant selected by the Administrator at such time or times as shall be determined by the Administrator without regard to any election by the Participant to defer receipt of any compensation or bonus amount payable to him. The grant date of any freestanding Deferred Share Unit under the Plan will be the date on which such freestanding Deferred Share Unit is awarded by the Administrator or on such other future date as the Administrator shall determine in its sole discretion. In addition, subject to Article XII, on fixed dates established by the Administrator and subject to such terms and conditions as the Administrator shall determine, the Administrator may permit a Participant to elect to defer receipt of all or a portion of his annual compensation and/or annual incentive bonus ("Deferred Annual Amount") payable by the Company or a Subsidiary and receive in lieu thereof an Award of elective Deferred Share Units ("Elective Deferred Share Units") equal to the greatest whole number that may be obtained by dividing (i) the amount of the Deferred Annual Amount, by (ii) the Fair Market Value of one Share on the date of payment of such compensation and/or annual bonus. Each Award of Deferred Share Units shall be evidenced by an Award Agreement that shall specify (x) the number of Shares to which the Deferred Share Units pertain, (y) the time and form of payment of the Deferred Share Units and (z) such terms and conditions not inconsistent with the Plan as the Administrator shall determine, including customary representations, warranties and covenants with respect to securities law matters and such provisions as may be required pursuant to Section 409A of the Code. Upon the grant of Deferred Share Units pursuant to the Plan, the Company shall establish a notional account for the Participant and will record in such account the number of Deferred Share Units awarded to the Participant. No Shares will be issued to the Participant at the time an award of Deferred Share Units is granted. Subject to Article XII, Deferred Share Units may become payable on a Corporate Event, termination of employment or on a specified date or dates set forth in the Award Agreement evidencing such Deferred Share Units.

Section 8.2 Rights as a Stockholder. A Participant shall not have any rights as a stockholder in respect of Deferred Share Units awarded pursuant to the Plan (including but not limited to the right to vote on any matter submitted to the Company's stockholders) until such time as the Shares attributable to such Deferred Share Units have been issued to such Participant or his or her beneficiary.

Section 8.3 Vesting. Unless the Administrator provides otherwise at or after the grant date, the portion of each Award of Deferred Share Units that consists of freestanding Deferred Share Units, together with any dividend equivalents credited with respect thereto, will be subject to a restriction period of such length and subject to such terms and conditions as determined by the Administrator. In its discretion, the Administrator may establish performance-based vesting

conditions with respect to Awards of Deferred Share Units (in lieu of, or in addition to, time-based vesting) based on one or more of the Performance Goals listed in Section 7.4; provided that any Award of Deferred Share Units made to any “covered employee” that is intended to qualify as performance-based compensation under Section 162(m) of the Code shall be subject to the same restrictions and limitations applicable to Awards of Performance Shares and Performance Units under Section 7.5 and Section 7.8, during a Performance Cycle selected by the Administrator. Except as otherwise provided in the applicable Award Agreement or as provided in Section 11.4, the portion of each Award of Deferred Share Units that consists of Elective Deferred Share Units, together with any dividend equivalents credited with respect thereto, shall not be subject to any restriction period and shall be non-forfeitable at all times.

Section 8.4 Further Deferral Elections. A Participant may elect to further defer receipt of Shares issuable in respect of Deferred Share Units (or an installment of an Award) for a specified period or until a specified event, subject in each case to the Administrator’s approval and to such terms as are determined by the Administrator, all in its sole discretion. Subject to any exceptions adopted by the Administrator, such election must generally be made at least twelve (12) months prior to the prior settlement date of such Deferred Share Units (or any such installment thereof) and must defer settlement for at least five (5) years after such prior settlement date. A further deferral opportunity does not have to be made available to all Participants, and different terms and conditions may apply with respect to the further deferral opportunities made available to different Participants.

Section 8.5 Settlement. Subject to this Article VIII, upon the date specified in the Award Agreement evidencing the Deferred Share Units, for each such Deferred Share Unit the Participant shall receive, in the Administrator’s discretion, (i) a cash payment equal to the Fair Market Value of one (1) Share as of such payment date, (ii) one (1) Share or (iii) any combination of cash and Shares.

ARTICLE IX.
OTHER STOCK-BASED AWARDS

Section 9.1 Grant of Stock-Based Awards. The Administrator is authorized to make Awards of other types of equity-based or equity-related awards (“Stock-Based Awards”) not otherwise described by the terms of the Plan in such amounts and subject to such terms and conditions as the Administrator shall determine. All Stock-Based Awards shall be evidenced by an Award Agreement. Such Stock-Based Awards may be granted as an inducement to enter the employ of the Company or any Subsidiary or in satisfaction of any obligation of the Company or any Subsidiary to an officer or other key employee, whether pursuant to this Plan or otherwise, that would otherwise have been payable in cash or in respect of any other obligation of the Company. Such Stock-Based Awards may entail the transfer of actual Shares, or payment in cash or otherwise of amounts based on the value of Shares and may include, without limitation, Awards designed to comply with or take advantage of the applicable local laws of jurisdictions other than the United States.

ARTICLE X.
DIVIDEND EQUIVALENTS

Section 10.1 Generally. Dividend Equivalents may be granted to Participants at such time or times as shall be determined by the Administrator. Dividend Equivalents may be granted in tandem with other Awards, in addition to other Awards, or freestanding and unrelated to other Awards. The grant date of any Dividend Equivalents under the Plan will be the date on which the Dividend Equivalent is awarded by the Administrator, or such other date as the Administrator shall determine in its sole discretion. Dividend Equivalents shall be evidenced in writing, whether as part of the Award Agreement governing the terms of the Award, if any, to which such Dividend Equivalent relates, or pursuant to a separate Award Agreement with respect to freestanding Dividend Equivalents, in each case, containing such provisions not inconsistent with the Plan as the Administrator shall determine, including customary representations, warranties and covenants with respect to securities law matters; provided that no Dividend Equivalent shall vest or be payable based on the exercise of an Option or SAR.

ARTICLE XI.
TERMINATION AND FORFEITURE

Section 11.1 Termination for Cause. Unless otherwise determined by the Administrator at or after the grant date and set forth in the Award Agreement covering the Award or otherwise in writing, if a Participant's employment or service terminates for Cause, all Options and SARs, whether vested or unvested, and all other Awards that are unvested or unexercisable or otherwise unpaid (or were unvested or unexercisable or unpaid at the time of occurrence of Cause) shall be immediately forfeited and canceled, effective as of the date of the Participant's termination of service. Notwithstanding the foregoing, unless otherwise determined by the Administrator at or after the grant date and set forth in the Award Agreement covering the Award or otherwise in writing, any Award that vested or was paid to the Participant or otherwise settled during the twelve months prior to or any time after the Participant engaged in the conduct that gave rise to the termination for Cause shall upon demand by the Administrator be immediately forfeited and disgorged or paid to the Company together with all gains earned or accrued due to the exercise of such Awards or sale of Company Common Stock issued pursuant to such Awards.

Section 11.2 Termination for Any Other Reason. Unless otherwise determined by the Administrator at or after the grant date and set forth in the Award Agreement covering the Award or otherwise in writing, if a Participant's employment or service terminates for any reason other than Cause:

(a) All Awards that are unvested or unexercisable shall be immediately forfeited and canceled, effective as of the date of the Participant's termination of service.

(b) All Options and SARs that are vested shall remain outstanding until (x) in the case of termination for death or Disability, the first anniversary of the date of the Participant's death, (y) the 60th day after the date of termination for any reason other than death or Disability or (z) the Award's normal expiration date, whichever is earlier, after which any unexercised Options and SARs shall immediately terminate.

Section 11.3 Post-Termination Informational Requirements. Before the settlement of any Award following termination of employment or service, the Administrator may require the Participant (or the Participant's Eligible Representative, if applicable) to make such representations and provide such documents as the Administrator deems necessary or advisable to effect compliance with Applicable Law and determine whether the provisions of Section 11.1 or Section 11.4 may apply to such Award.

Section 11.4 Forfeiture of Awards.

(a) Forfeiture for Financial Reporting Misconduct. If the Company is required to prepare an accounting restatement due to material noncompliance by the Company with any financial reporting requirement under the securities laws, (x) with respect to any Participant who either knowingly or grossly negligently engaged in the misconduct or knowingly or grossly negligently failed to prevent the misconduct as determined by the Administrator or is one of the individuals subject to automatic forfeiture under Section 304 of the Sarbanes-Oxley Act of 2002, such Participant shall forfeit and disgorge to the Company (i) any Awards granted or vested and all gains earned or accrued due to the exercise of Options or SARS or sale of any Company Common Stock during the twelve (12)-month period following the filing of the financial document embodying such financial reporting requirement and (ii) any other Awards that vested based on the materially non-complying financial reporting and (y) with respect to any Participant who is a current or former member of the Leadership Team or other executive officer of the Company (as defined under the Securities Exchange Act of 1934) who received incentive compensation under the Plan during the three-year period preceding the date on which the Company is required to prepare such accounting restatement, based on erroneous data, in excess of what would have been awarded or paid to such Participant under such accounting restatement, such Participant shall forfeit and disgorge to the Company such excess incentive compensation.

(b) Forfeiture under Applicable Laws or Regulations. The Participant shall forfeit and disgorge to the Company any Awards granted or vested and any gains earned or accrued due to the exercise of Options or SARS or sale of any Company Common Stock to the extent required by Applicable Law or regulations in effect on or after the Effective Date.

(c) Forfeiture for Competitive Activity. Unless otherwise determined by the Administrator at or after the grant date and set forth in the Award Agreement covering the Award or otherwise in writing, if during or following a Participant's termination of employment or service with the Company or any of its Subsidiaries the Participant engages in Competitive Activity, all Options and SARs, whether vested or unvested, and all other Awards that are unvested or unexercisable or otherwise unpaid shall be immediately forfeited and canceled, effective as of the date of the Participant's termination of service. Notwithstanding the foregoing, any Award that vested or was paid to the Participant or otherwise settled more than twelve (12) months prior to the date the Participant engaged in Competitive Activity, as determined by the Administrator in its sole discretion, shall not be recovered from the Participant. Any Award vested, paid or otherwise settled in the twelve (12) months prior to the date that the Participant engaged in Competitive Activity or at any time thereafter shall upon demand by the Administrator be immediately forfeited and disgorged or paid to the Company together with all gains earned or accrued due to the exercise of such Awards or sale of any Company Common Stock issued pursuant to such Awards.

(d) Forfeiture for Other Misconduct. Unless otherwise determined by the Administrator, if (i) the Participant's performance is deemed to contribute substantially to the Company or a Subsidiary incurring significant financial losses; (ii) the Participant's performance is deemed to contribute substantially to a significant downward restatement of any published results of the Company or a Subsidiary; (iii) the Participant engages in conduct that results in or contributes substantially to significant reputational harm to the Company; (iv) the Participant materially breaches or contributes substantially to a material breach of applicable legal and/or regulatory requirements; (v) the Participant engages in conduct that constitutes Cause or (vi) the Participant engages in conduct that results in or contributes substantially to a material breach of the Company's applicable internal policies and procedures, including without limitation those policies in respect of risk management, compliance, disciplinary and any applicable supervisory practices, the Administrator in its sole discretion may suspend the vesting of any Awards granted (or a portion thereof) and/or require the forfeiture and disgorgement to the Company of any Awards (or a portion thereof) granted or vested during the twelve months prior to or any time after the Participant engaged in such misconduct and all gains earned or accrued due to the exercise of such Awards or sale of any Company Common Stock issued pursuant to such Awards.

Section 11.5 Pre-Public Offering Awards. The provisions of this Article XI (other than the provisions of Section 11.4(a) and Section 11.4(b)) shall not apply to any Awards granted prior to a Public Offering unless expressly provided otherwise in the Award Agreement.

ARTICLE XII. ADMINISTRATION

Section 12.1 Administrator. The Plan shall be administered by the Board or an Administrator appointed by the Board, which Administrator shall be constituted to comply with Applicable Laws.

Section 12.2 Powers of the Administrator. Subject to the provisions of the Plan and, in the case of a committee, the specific duties delegated by the Board to such Administrator, and subject to the approval of any relevant authorities, the Administrator shall have the authority in its discretion to:

- (a) determine the Fair Market Value;
- (b) determine the type or types of Awards to be granted to each Participant;
- (c) select the Service Providers to whom Awards may from time to time be granted hereunder;

(d) determine all matters and questions related to the termination of service of a Service Provider with respect to any Award granted to him or her hereunder, including, but not by way of limitation of, all questions of whether a particular Service Provider has taken a leave of absence, all questions of whether a leave of absence taken by a particular Service Provider constitutes a termination of service, and all questions of whether a termination of service of a particular Service Provider resulted from discharge for Cause. For the purpose of clarification, for such purpose the Board shall be the Administrator of any Award granted to a Director who is

not an Employee of the Company or any of its Subsidiaries hereunder, and the Board will therefore determine all matters and questions related to the termination of a Director who is not an Employee of the Company or any of its Subsidiaries as a Service Provider with respect to any Award granted to him or her hereunder;

(e) determine the number of Awards to be granted and the number of Shares to which an Award will relate;

(f) approve forms of agreement for use under the Plan, which need not be identical for each Service Provider;

(g) determine the terms and conditions of any Awards granted hereunder (including, but not limited to, the exercise price, the time or times when Awards may be exercised (which may be based on performance criteria), any vesting acceleration or waiver of forfeiture restrictions and any restriction or limitation regarding any Awards or the Company Common Stock relating thereto) based in each case on such factors as the Administrator, in its sole discretion, shall determine;

(h) prescribe, amend and rescind rules and regulations relating to the Plan, including rules and regulations relating to Subplans established for the purpose of satisfying applicable foreign laws;

(i) determine whether, to what extent, and pursuant to what circumstances an Award may be settled in, or the exercise or purchase price of an Award may be paid in, cash, Company Common Stock, other Awards, or other property, or an Award may be canceled, forfeited or surrendered;

(j) suspend or accelerate the vesting of any Award granted under the Plan;

(k) construe and interpret the terms of the Plan and Awards granted pursuant to the Plan and

(l) make all other decisions and determinations that may be required pursuant to the Plan or as the Administrator deems necessary or advisable to administer the Plan.

Section 12.3 Compensation, Professional Assistance, Good Faith Actions. The Administrator may receive such compensation for its services hereunder as may be determined by the Board. All expenses and liabilities incurred by the Administrator in connection with the administration of the Plan shall be borne by the Company. The Administrator may employ attorneys, consultants, accountants, appraisers, brokers or other persons. The Administrator, the Company and its officers and Directors shall be entitled to rely upon the advice, opinions or valuations of any such persons. All actions taken and all interpretations, decisions and determinations made by the Administrator, in good faith shall be final and binding upon all Participants, the Company and all other interested persons. The Administrator shall not be personally liable for any action, determination or interpretation made with respect to the Plan or the Awards, and the Administrator shall be fully protected by the Company with respect to any such action, determination or interpretation.

Section 12.4 Participants Based Outside the United States. To conform with the provisions of local laws and regulations, or with local compensation practices and policies, in foreign countries in which the Company or any of its Subsidiaries or Affiliates operate, but subject to the limitations set forth herein regarding the maximum number of shares issuable hereunder and the maximum award to any single Participant, the Administrator may (i) modify the terms and conditions of Awards granted to Participants employed outside the United States ("Non-U.S. Awards"), (ii) establish subplans with such modifications as may be necessary or advisable under the circumstances ("Subplans") and (iii) take any action which it deems advisable to obtain, comply with or otherwise reflect any necessary governmental regulatory procedures, exemptions or approvals with respect to the Plan. The Administrator's decision to grant Non-U.S. Awards or to establish Subplans is entirely voluntary, and at the complete discretion of the Administrator. The Administrator may amend, modify or terminate any Subplans at any time, and such amendment, modification or termination may be made without prior notice to the Participants. The Company, Subsidiaries, Affiliates and members of the Administrator shall not incur any liability of any kind to any Participant as a result of any change, amendment or termination of any Subplan at any time. The benefits and rights provided under any Subplan or by any Non-U.S. Award (x) are wholly discretionary and, although provided by either the Company, a Subsidiary or Affiliate, do not constitute regular or periodic payments and (y) are not to be considered part of the Participant's salary or compensation under the Participant's employment with the Participant's local employer for purposes of calculating any severance, resignation, redundancy or other end of service payments, vacation, bonuses, long-term service awards, indemnification, pension or retirement benefits, or any other payments, benefits or rights of any kind. If a Subplan is terminated, the Administrator may direct the payment of Non-U.S. Awards (or direct the deferral of payments whose amount shall be determined) prior to the dates on which payments would otherwise have been made, and, in the Administrator's discretion, such payments may be made in a lump sum or in installments.

ARTICLE XIII.
CHANGE IN CONTROL

Section 13.1 Accelerated Vesting and Payment.

(a) Accelerated Vesting. Unless the Administrator otherwise determines in the manner set forth in Section 13.1(b) or as otherwise provided in an Award Agreement, upon the occurrence of a Change in Control, (i) all Service Awards shall become immediately vested or exercisable and be settled in shares of Company Common Stock, (ii) each outstanding Performance Award with a Performance Cycle in progress at the time of the Change in Control shall be deemed to be earned and become vested and/or paid out in an amount equal to the product of (A) such Participant's target award opportunity with respect to such Performance Award for the Performance Cycle in question and (B) the percentage of Performance Goals achieved as of the date of the Change in Control (which Performance Goals shall be pro-rated, if necessary or appropriate, to reflect the portion of the Performance Cycle that has been completed), and all other Performance Awards shall be canceled and forfeited upon consummation of the Change in Control and (iii) shares of Company Common Stock underlying all Awards that are vested (as provided in this Section 13.1(a) or otherwise) shall be issued or released to the Participant holding such Award; provided, that, at the discretion of the Administrator (as constituted immediately prior to the Change in Control), each Service Award

may be canceled in exchange for an amount equal to the product of (A)(I) in the case of Options and Stock Appreciation Rights, the excess, if any, of the product of the Change in Control Price over the exercise price for such Award and (II) in the case of other such Awards, the Change in Control Price, multiplied by (B) the aggregate number of shares of Company Common Stock covered by such Award. Notwithstanding the foregoing, the Administrator may, in its discretion, instead terminate any outstanding Options or Stock Appreciation Rights if either (x) the Company provides holders of such Options and Stock Appreciation Rights with reasonable advance notice to exercise their outstanding and unexercised Options and Stock Appreciation Rights, or (y) the Administrator reasonably determines that the Change in Control Price is equal to or less than the exercise price for such Options or Stock Appreciation Rights.

(b) Timing of Payments. Payment of any amounts calculated in accordance with Section 13.1(a) shall be made in cash or, if determined by the Administrator (as constituted immediately prior to the Change in Control), in shares of common stock of the new employer having an aggregate fair market value equal to such amount and shall be payable in full, as soon as reasonably practicable, but in no event later than 30 days, following the Change in Control. For purposes hereof, the fair market value of one share of common stock of the new employer shall be determined by the Administrator (as constituted immediately prior to the consummation of the transaction constituting the Change in Control), in good faith.

Section 13.2 Alternative Awards. Notwithstanding Section 13.1, except as otherwise provided in an Award Agreement, no cancellation, termination, acceleration of exercisability or vesting, lapse of any restrictions or settlement or other payment shall occur with respect to any outstanding Award, if the Administrator (as constituted immediately prior to the consummation of the transaction constituting the Change in Control) reasonably determines, in good faith, with the approval of a majority of the members of the Leadership Team, prior to the Change in Control, that such outstanding Awards shall be honored or assumed, or new rights substituted therefor (such honored, assumed or substituted Award being hereinafter referred to as an "Alternative Award") by the new employer, provided, that any Alternative Award must:

(a) provide the Participant (or each Participant in a class of Participants) with rights and entitlements substantially equivalent to or better than the rights, terms and conditions applicable under such Award, including, but not limited to, an identical or better exercise or vesting schedule and identical or better timing and methods of payment;

(b) have substantially equivalent economic value to such Award (determined at the time of the Change in Control) and

(c) have terms and conditions which provide that in the event that the Participant suffers an involuntary termination without Cause within two years following the Change in Control,

(i) all outstanding Service Awards held by a terminated Participant shall become vested and exercisable and any restrictions on such outstanding Service Awards shall lapse and

(ii) each outstanding Performance Award held by a terminated Participant with a Performance Cycle in progress at the time of both the Change in Control and the termination of employment shall be deemed to be earned and become vested and/or paid out in an amount equal to the product of (x) such Participant's target award opportunity with respect to such Award for the Performance Cycle in question and (y) the greater of the percentage of Performance Goals (which Performance Goals shall be pro-rated, if necessary or appropriate, to reflect the portion of the Performance Cycle that has been completed) achieved as of the date of the Change in Control and as of the last day of the fiscal quarter ended on or immediately prior to the date of Termination of Service. The portion of any Performance Award that does not vest in accordance with the preceding sentence shall immediately be forfeited and canceled without any payment therefor.

(iii) Payments. To the extent permitted under Section 14.14, all amounts payable hereunder shall be payable in full, as soon as reasonably practicable, but in no event later than 10 business days, following the Participant's termination of employment.

Section 13.3 Section 409A. Notwithstanding anything in Section 13.2, if any Award is subject to Section 409A of the Code and an Alternative Award would be deemed a non-compliant material modification (as defined in Section 409A of the Code) of such Award, then no Alternative Award shall be provided and such Award shall instead be treated as provided in Section 13.1.

Section 13.4 Pre-Public Offering Awards. The provisions of this Article XIII shall not apply to any Awards granted prior to a Public Offering unless expressly provided otherwise in the Award Agreement.

ARTICLE XIV.
OTHER PROVISIONS

Section 14.1 Changes in Company Common Stock; Disposition of Assets and Corporate Events.

(a) In the event of any recapitalization (including a leveraged recapitalization), reclassification, stock split, extraordinary dividend, reverse stock split, reorganization, merger, consolidation, acquisition, disposition, split-up, spin-off, combination, repurchase, liquidation, dissolution, or sale, transfer, exchange or any disposition of all or substantially all of the capital stock or assets of the Company (including, but not limited to, an Equity Restructuring), exchange of Company Common Stock or other securities of the Company, issuance of warrants or other rights to purchase Company Common Stock or other securities of the Company, the acquisition or disposition of any material assets or business or other similar corporate transaction or event that affects the Company Common Stock (each, a "Corporate Event") such that an adjustment to the Awards or Plan is determined by the Administrator to be necessary in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan or with respect to an Award, then the Administrator shall, in such manner as it may deem equitable, adjust any or all of:

(i) the number and kind of Shares (or other securities or property) with respect to which an Award may be granted under the Plan (including, but not limited to, adjustments of the limitations in Section 2.1 on the maximum number and kind of Shares which may be issued);

(ii) the number and kind of Shares (or other securities or property) subject to outstanding Awards;

(iii) the grant or exercise or base price per Share for any outstanding Awards under the Plan;

(iv) the terms and conditions of any outstanding Awards (including, without limitation, any applicable financial or other Performance Goals) or

(v) make such other provision with respect to the holder or holders of outstanding Awards (which may include, without limitation, provision for dividend equivalents or other compensation inside or outside of the Plan);

it being understood that any such adjustment or other provision shall be implemented in such manner as the Administrator determines is necessary to preserve the economic value represented by the Award immediately prior to such event (except that, for the avoidance of doubt, economic value of any Option or SAR need not reflect any value other than the spread value of such Award at such time) and not cause the Award to become subject to the provisions of or any additional taxes, interest or penalties imposed by Section 409A of the Code. All determinations and adjustments made by the Administrator in good faith pursuant to this Section 14.1(a) shall be final and binding on the affected Participants and the Company.

(b) Subject to Section 14.14, upon the occurrence of a Corporate Event, the Administrator is hereby authorized to take any one or more of the following actions whenever the Administrator determines that such action is necessary in order to (x) prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan or with respect to any Award under this Plan, (y) facilitate such Corporate Event or (z) give effect to such changes in laws, regulations or accounting principles:

(i) The Administrator may provide, on such terms and conditions as it deems appropriate, either by the terms of the applicable Award Agreement or by action taken prior to the occurrence of such Corporate Event, and either automatically or upon the Participant's request, for either (A) the purchase of any outstanding Award for an amount of cash, securities, or other property equal to the amount that could have been attained upon the exercise of the portion of such Award that was vested and exercisable (and such additional portion of the Award as the Administrator may determine) immediately prior to the occurrence of such Corporate Event or (B) the replacement of such vested (and other) portion of such Award with other rights or property selected by the Administrator in its sole discretion;

(ii) In its sole discretion, the Administrator may provide, either by the terms of the applicable Award Agreement or by action taken prior to the occurrence of such Corporate Event, that, if, as of the date of the occurrence of such Corporate Event, the Administrator determines in good faith that no amount would have been obtained upon the

vesting or exercise of the Award, then the Award (or any portion thereof) will terminate upon the occurrence of such Corporate Event and cannot vest, be exercised or become payable after such Corporate Event;

(iii) The Administrator may provide, on such terms and conditions as it deems appropriate, either by the terms of the applicable Award Agreement or by action taken prior to the occurrence of such Corporate Event, that for a specified period of time prior to such Corporate Event, such Award shall be exercisable as to all Shares covered thereby or a specified portion of such Shares, notwithstanding anything to the contrary in (A) Section 4.2 or (B) the provisions of the applicable Award Agreement;

(iv) In its sole discretion and on such terms and conditions as it deems appropriate, the Administrator may provide, either by the terms of the applicable Award Agreement or by action taken prior to the occurrence of such Corporate Event, that upon such Corporate Event, such Award (or any portion thereof) be assumed by the successor or survivor corporation, or a parent or subsidiary thereof, or shall be substituted for by similar options, rights or Awards covering the stock of the successor or survivor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of Shares and prices; and

(v) The Administrator may make adjustments in the number and type of Shares (or other securities or property) subject to the Plan and outstanding Awards (or any portion thereof) and/or in the terms and conditions of (including the exercise price), and the criteria included in, outstanding Awards and Awards which may be granted in the future.

(c) With respect to Awards granted prior to a Public Offering, in connection with the occurrence of any Equity Restructuring, and notwithstanding anything to the contrary in Section 14.1(a) and Section 14.1(b), the Administrator will equitably adjust each outstanding Award, which adjustments may include adjustments to the number and type of securities subject to each outstanding Award and/or the exercise price or grant price thereof, if applicable, the grant of new Awards to Participants, and/or the making of a cash payment to Participants, as the Administrator deems necessary to reflect such Equity Restructuring. The adjustments provided under this Section 14.1(c) shall be nondiscretionary and shall be final and binding on the affected Participant and the Company; provided that whether an adjustment is equitable shall be determined in the discretion of the Administrator.

(d) Any adjustment of an Award pursuant to Section 14.1 shall be effected in compliance with Section 409A of the Code.

(e) The Administrator may include such further provisions and limitations in any Award Agreement or Stockholders Agreement as it may deem equitable and in the best interests of the Company and its Subsidiaries.

(f) To the extent required by the terms of an Award Agreement, the Company shall notify the Participant prior to the date of a Corporate Event.

Section 14.2 Transferability.

(a) Awards Not Transferable. Unless otherwise agreed to in writing by the Administrator, no Award or interest or right therein or part thereof shall be liable for the debts, contracts or engagements of the Participant or his or her successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law, by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect; provided, however, that nothing in this Section 14.2 shall prevent transfers by will or by the applicable laws of descent and distribution.

(b) Transferability of Shares. Prior to the day that is one hundred eighty (180) days (or such shorter or longer period as determined by the managing underwriters to be appropriate in order to avoid a material adverse impact on marketability or price) after the consummation of a Public Offering, no Participant shall without the prior consent of the Administrator transfer any Shares issued pursuant to an Award except for (i) transfers to the Company, (ii) transfers (A) by gift to, or for the benefit of, any member or members of a Participant's immediate family (which shall include any spouse, or any lineal ancestor or descendant, niece, nephew, adopted child or sibling of him or her or such spouse, niece, nephew or adopted child), (B) to a trust under which the distribution of the Shares may be made only by such Participant and/or such Participant's immediate family or (C) to a partnership or limited liability company for the benefit of the immediate family of such Participant and the partners or members of which are only such Participant and such Participant's immediate family or (iii) any transfer of such Shares by a Participant to his or her heirs, executors or legatees by operation of law or court order upon the death or incapacity of such Participant (each such transfer, a "Permitted Transfer").

Section 14.3 Amendment, Suspension or Termination of the Plan or Award Agreements.

(a) The Plan may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Administrator; provided that without the approval by a majority of the shares entitled to vote at a duly constituted meeting of shareholders of the Company, no amendment or modification to the Plan may (i) except as otherwise expressly provided in Section 14.1, increase the number of shares of Stock subject to the Plan or the individual Award limitations specified in Section 2.2; (ii) modify the class of persons eligible for participation in the Plan or (iii) materially modify the Plan in any other way that would require shareholder approval under Applicable Law.

(b) Except as provided by Section 14.1, neither the amendment, suspension nor termination of the Plan shall, without the consent of the holder of the Award, adversely alter or impair any rights or obligations under any Award theretofore granted. Except as provided by Section 14.1, notwithstanding the foregoing, the Administrator at any time, and from time to time, may amend the terms of any one or more existing Award Agreements, provided, however, that the rights of a Participant under an Award Agreement shall not be adversely impaired without the Participant's written consent. The Company shall provide a Participant with notice of any amendment made to such Participant's existing Award Agreement in accordance with the terms of this Section 14.3(b).

(c) No Award may be granted during any period of suspension nor after termination of the Plan, and in no event may any Award be granted under this Plan after the expiration of ten (10) years from the Effective Date.

Section 14.4 Application of Certain Provisions of the Stockholders Agreement to the Awards. The provisions of Section 12 of the Stockholders Agreement shall apply to all Awards granted pursuant to this Plan prior to a Public Offering, regardless of whether the Participant is a party to such agreement or whether any Shares have been issued.

Section 14.5 Effect of Plan upon Other Award and Compensation Plans. The adoption of this Plan shall not affect any other compensation or incentive plans in effect for the Company or any of its Subsidiaries. Nothing in this Plan shall be construed to limit the right of the Company or any of its Subsidiaries (a) to establish any other forms of incentives or compensation for Service Providers or (b) to grant or assume options or restricted stock other than under this Plan in connection with any proper corporate purpose, including, but not by way of limitation, the grant or assumption of options or restricted stock in connection with the acquisition by purchase, lease, merger, consolidation or otherwise, of the business, stock or assets of any corporation, firm or association.

Section 14.6 At-Will Employment. Nothing in the Plan, the Stockholders Agreement or any Award Agreement hereunder shall confer upon the Participant any right to continue as a Service Provider of the Company or any of its Subsidiaries or shall interfere with or restrict in any way the rights of the Company and any of its Subsidiaries, which are hereby expressly reserved, to discharge any Participant at any time for any reason whatsoever, with or without Cause, except to the extent expressly provided otherwise in a written employment or other agreement between the Participant and the Company or any of its Subsidiaries.

Section 14.7 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of the Plan.

Section 14.8 Conformity to Securities Laws. The Plan is intended to conform to the extent necessary with all provisions of the Securities Act and the Exchange Act and any and all regulations and rules promulgated under any of the foregoing, to the extent the Company, any of its Subsidiaries or any Participant is subject to the provisions thereof. Notwithstanding anything herein to the contrary, the Plan shall be administered, and Awards shall be granted and may be exercised, only in such a manner as to conform to such laws, rules and regulations. To the extent permitted by applicable law, the Plan and Awards granted hereunder shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

Section 14.9 Term of Plan. The Plan originally became effective on November 19, 2008. The Plan, as amended and restated, shall become effective on the date that it is approved by the Board (the “Effective Date”) and shall continue in effect, unless sooner terminated pursuant to Section 14.3, until the tenth anniversary of the Effective Date. The provisions of the Plan shall continue thereafter to govern all outstanding Awards.

Section 14.10 Governing Law. To the extent not preempted by federal law, the Plan shall be construed in accordance with and governed by the laws of the State of Delaware

regardless of the application of rules of conflict of law that would apply the laws of any other jurisdiction.

Section 14.11 Severability. In the event any portion of the Plan or any action taken pursuant thereto shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provisions had not been included, and the illegal or invalid action shall be null and void.

Section 14.12 Governing Documents. In the event of any contradiction between the Plan and any Award Agreement or any other written agreement between a Participant and the Company or any Subsidiary of the Company that has been approved by the Administrator, the terms of the Plan shall govern, unless it is expressly specified in such Award Agreement or other written document that a specific provision of the Plan shall not apply.

Section 14.13 Withholding Taxes. In addition to any rights or obligations with respect to Withholding Taxes under the Plan or any applicable Award Agreement, the Company or any Subsidiary employing a Service Provider shall have the right to withhold from the Service Provider, or otherwise require the Service Provider or an assignee to pay, any Withholding Taxes arising as a result of grant, exercise, vesting or settlement of any Award or any other taxable event occurring pursuant to the Plan or any Award Agreement, including, but not limited to, to the extent permitted by law, the right to deduct any such Withholding Taxes from any payment of any kind otherwise due to the Service Provider or to take such other actions (including, but not limited to, withholding any Shares or cash deliverable pursuant to the Plan or any Award) as may be necessary to satisfy such Withholding Taxes; provided, however, that in the event that the Company withholds Shares issued or issuable to the Participant to satisfy the Withholding Taxes, the Company shall withhold a number of whole Shares having a Fair Market Value, determined as of the date of withholding, not in excess of the minimum of tax required to be withheld by law (or such lower amount as may be necessary to avoid liability award accounting); and provided, further, that with respect to any Award subject to Section 409A of the Code, in no event shall Shares be withheld pursuant to this Section 14.13 (other than upon or immediately prior to settlement in accordance with the Plan and the applicable Award Agreement) other than to pay taxes imposed under the U.S. Federal Insurance Contributions Act (FICA) and any associated U.S. federal withholding tax imposed under Section 3401 of the Code and in no event shall the value of such Shares (other than upon immediately prior to settlement) exceed the amount of the tax imposed under FICA and any associated U.S. federal withholding tax imposed under Section 3401 of the Code. The Participant shall be responsible for all Withholding Taxes and other tax consequences of any Award granted under this Plan.

Section 14.14 Section 409A. To the extent that the Administrator determines that any Award granted under the Plan is subject to Section 409A of the Code, the Award Agreement evidencing such Award shall incorporate the terms and conditions required by Section 409A of the Code. To the extent applicable, the Plan and Award Agreements shall be interpreted in accordance with Section 409A of the Code and Department of Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the adoption of the Plan. Notwithstanding any provision of the Plan to the contrary, in the event that following the adoption of the Plan, the Administrator

determines that any Award may be subject to Section 409A of the Code and related regulations and Department of Treasury guidance (including such Department of Treasury guidance as may be issued after the adoption of the Plan), the Administrator may adopt such amendments to the Plan and the applicable Award Agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Administrator determines are necessary or appropriate to (a) exempt the Award from Section 409A of the Code and/or preserve the intended tax treatment of the benefits provided with respect to the Award, (b) comply with the requirements of Section 409A of the Code and related Department of Treasury guidance or (c) comply with any correction procedures available with respect to Section 409A of the Code. Notwithstanding anything else contained in this Plan, any Award Agreement or the Stockholder's Agreement to the contrary, if a Service Provider is a Specified Employee (under any Company Specified Employee policy in effect at the time of the Service Provider's Separation from Service (as defined below) or, if no such policy is in effect, as defined in Section 409A of the Code) any payment required to be made to a Service Provider hereunder upon or following his or her Separation from Service (as such term is defined in Section 409A of the Code) shall be delayed until after the six-month anniversary of the Service Provider's Separation from Service to the extent necessary to comply with, and avoid imposition on such Service Provider of any tax penalty imposed under, Section 409A of the Code. Should payments be delayed in accordance with the preceding sentence, the accumulated payment that would have been made but for the period of the delay shall be paid in a single lump sum during the ten-day period following the six-month anniversary of the Separation from Service.

Section 14.15 Notices. Except as provided otherwise in an Award Agreement, all notices and other communications required or permitted to be given under this Plan or any Award Agreement shall be in writing and shall be deemed to have been given if delivered personally, sent by email or any other form of electronic transfer approved by the Administrator, sent by certified or express mail, return receipt requested, postage prepaid, or by any recognized international equivalent of such delivery, (i) in the case of notices and communications to the Company, to 8283 Greensboro Drive, McLean, VA 22102 to the attention of the Law Department or (ii) in the case of a Participant, to the last known address, or email address or, where the individual is an employee of the Company or one of its subsidiaries, to the individual's workplace address or email address or by other means of electronic transfer acceptable to the Administrator. All such notices and communications shall be deemed to have been received on the date of delivery, if sent by email or any other form of electronic transfer, at the time of dispatch or on the third business day after the mailing thereof.

* * * * *

Your signature below indicates your agreement and understanding that the Restricted Stock granted herein is subject to all of the terms and conditions contained in the Agreement and the Plan. **ACCORDINGLY, PLEASE BE SURE TO READ ALL OF THE PLAN AND APPENDIX A, WHICH CONTAIN THE SPECIFIC TERMS AND CONDITIONS OF THE RESTRICTED STOCK.**

**BOOZ ALLEN HAMILTON
HOLDING CORPORATION**

RECIPIENT

By _____
Name:
Title:

APPENDIX A TO RESTRICTED STOCK AGREEMENT

1. **Grant of Restricted Stock.** Subject to the terms, conditions, and restrictions set forth in this Agreement (including the Grant Notice) and in the Plan, and subject to the Participant's delivery to the Company of duly executed and undated instruments of transfer or assignment in blank, to be used by the Company only for transfers required under the Plan, the Company hereby evidences and confirms its grant to the Participant, effective as of the Grant Date set forth in the Grant Notice of the number of shares of Restricted Stock set forth on the Grant Notice (the "**Restricted Shares**"). Upon grant, the Company shall record the Restricted Shares in the books and records of the Company or a certificate of Shares will be issued, which entry or certificate shall bear the legends set forth in Section 5(b). Any certificate issued in respect of the Restricted Shares will be delivered on behalf of the Participant to the Secretary of the Company, to be held in custody until the later of the date (i) they become vested in accordance with Section 3 and (ii) the Participant requests such instrument from the Company.

2. **Forfeiture Risk.** The Participant hereby (i) appoints the Company as the limited attorney-in-fact of the Participant to take such actions as may be necessary or appropriate solely to effectuate a transfer of the record ownership of any such shares that are unvested and forfeited hereunder and (ii) agrees to sign such stock powers and take such other actions as the Company may reasonably request to accomplish the transfer of any unvested Restricted Shares that are forfeited hereunder. The Company does hereby indemnify and hold harmless the Participant from any wrongful use of the power of attorney granted above.

3. **Vesting and Forfeiture of Restricted Shares.**

(a) **Restricted Period.** Subject to earlier forfeiture as provided in this Agreement and in the Plan and subject to Section 3(g), the Restricted Shares granted herein shall vest as provided in the Grant Notice.

(b) **Termination Due to Death.** If a Participant's employment or service terminates due to the Participant's death, all unvested Restricted Shares shall immediately vest.

(c) **Termination Due to Disability.** If a Participant's employment or service terminates due to Disability, all unvested Restricted Shares shall not be forfeited upon such termination and shall continue to vest in accordance with the schedule provided in the Grant Notice.

(d) **Termination by Reason of a Company Approved Departure.** If a Participant's employment or service terminates in a Company Approved Departure (as defined below), all unvested Restricted Shares shall not be forfeited upon such termination and shall continue to vest in accordance with the schedule as provided the Grant Notice. "Company Approved Departure" shall mean a termination of employment that the Company (through the members of its senior management), in its sole discretion, determines to be in the best interest of the Company and the Company's approval of such termination as a Company Approved Departure is approved or ratified by the Board or the Administrator.

(e) Termination for Cause. If a Participant's employment or service terminates for Cause, all unvested Restricted Shares shall be immediately forfeited and canceled, effective as of the date of the Participant's termination of service. In addition, any Restricted Shares that vested during the twelve months prior to or any time after the Participant engaged in the conduct that gave rise to the termination for Cause shall upon demand by the Administrator be immediately forfeited and disgorged or paid to the Company together with all gains earned or accrued due to the sale of such vested Restricted Shares.

(f) Termination for Any Other Reason. If a Participant's employment is terminated for any reason other than death, Disability, Company Approved Departure or Cause, all unvested Restricted Shares shall immediately be forfeited.

(g) Change in Control. In the event of a Change in Control, any unvested Restricted Shares shall vest, continue, or have such other treatment as provided in the Plan.

(h) Other Forfeiture Provisions. The Restricted Shares shall also be subject to forfeiture, disgorgement and/or repayment to the Company in the event the Participant engages in financial or other misconduct (including but not limited to engaging in Competitive Activity) or as required by Applicable Law, as provided in the Plan.¹

4. Restrictions on Transfer. Unvested Restricted Shares may not be transferred, other than by will or by the laws of descent and distribution and provided that the deceased Participant's beneficiary or the representative of his or her estate acknowledges and agrees in writing, in a form reasonably acceptable to the Company, to be bound by the provisions of the Plan and this Agreement as if such beneficiary or estate were the Participant.

5. Participant's Representations, Warranties and Covenants.

(a) No Conflicts; No Consents. The execution and delivery by Participant of this Agreement, the consummation of the transactions contemplated hereby and the performance of Participant's obligations hereunder do not and will not (i) materially conflict with or result in a material violation or breach of any term or provision of any Law applicable to either Participant or the Restricted Shares or (ii) violate in any material respect, conflict with in any material respect or result in any material breach of, or constitute (with or without notice or lapse of time or both) a material default under, or require either Participant to obtain any consent, approval or action of, make any filing with or give any notice to any Person as a result or under the terms of, any contract, agreement, instrument, commitment, arrangement or understanding to which Participant is a party.

(b) Legends. The Participant acknowledges and agrees that the Restricted Shares received hereby and represented by physical certificates(s) will bear the following legend (or one to substantially similar effect):

¹ For employees employed in California, add the following: “; provided that, for purposes of this Agreement, clauses (a) and (b) of the definition of Competitive Activity shall be deleted.”

"THE SECURITIES REPRESENTED HEREBY ARE SUBJECT TO ADDITIONAL RESTRICTIONS ON TRANSFER AND CERTAIN OTHER AGREEMENTS SET FORTH IN THE AMENDED AND RESTATED EQUITY INCENTIVE PLAN OF BOOZ ALLEN HAMILTON HOLDING CORPORATION AND A RESTRICTED STOCK AGREEMENT BETWEEN THE ISSUER AND THE HOLDER OF THIS CERTIFICATE DATED AS OF _____. A COPY OF SUCH PLAN AND AGREEMENT SHALL BE FURNISHED WITHOUT CHARGE BY THE ISSUER TO THE HOLDER HEREOF UPON WRITTEN REQUEST."

(c) Compliance with Rule 144. If any of the Restricted Shares are to be disposed of in accordance with Rule 144, the Participant shall transmit to the Company an executed copy of Form 144 (if required by Rule 144) no later than the time such form is required to be transmitted to the Commission for filing and such other documentation as the Company may reasonably require to assure compliance with Rule 144 in connection with such disposition.

(d) Participant Status. The Participant represents and warrants that, as of the date hereof, the Participant is an officer, employee, director or Consultant of the Company or a Subsidiary.

(e) Section 83(b) Election. The Participant agrees that, if the Participant makes an election pursuant to Section 83(b) of the Internal Revenue Code of 1986, as amended, with respect to the Restricted Shares acquired hereunder (an "83(b) election"), then the Participant shall give notice to the Company of such 83(b) election within 30 days of the date of this Agreement. Any such 83(b) election shall use as the value of the Restricted Shares the Fair Market Value of the Restricted Shares on the Grant Date determined as provided in the Plan, and the Participant shall take a consistent position on the Participant's tax returns.

6. Dividends, etc. The Participant shall be entitled to (i) receive all dividends or other distributions at the time (and in the same calendar year as) such dividends or distributions are paid with respect to those vested and unvested Restricted Shares of which the Participant is the record owner on the record date for such dividend or other distribution and (ii) vote any Restricted Shares of which the Participant is the record owner on the record date for such vote; provided, however, that any property (other than cash) distributed with respect to a Restricted Share (the "Associated Share") acquired hereunder, including without limitation a distribution of Restricted Shares by reason of a stock dividend, stock split or otherwise, or a distribution of other securities with respect to an Associated Share, shall be subject to the restrictions of this Agreement in the same manner and for so long as the Associated Share remains subject to such restrictions, and shall be promptly forfeited if and when the Associated Share is so forfeited.

7. Miscellaneous.

(a) Tax Withholding. Whenever any cash or other payment is to be made hereunder or with respect to the Restricted Shares, the Company or any Subsidiary shall have the power to withhold an amount (in cash or in Common Stock granted hereunder upon vesting)

sufficient to satisfy federal, state, and local withholding tax requirements relating to such transaction and the Company or such Subsidiary may defer the payment of cash or other payment until such requirements are satisfied; provided, however, that in the event that the Company withholds shares issuable to the Participant (or any portion thereof) to satisfy any applicable withholding taxes, the Company shall only withhold a number of whole shares having a Fair Market Value, determined as of the date of vesting, not in excess of the minimum of tax required to be withheld by law (or such lower amount as may be necessary to avoid liability award accounting). The Participant shall be responsible for all withholding taxes and other tax consequences of this award of Restricted Shares.

(b) No Guarantee of Employment. Nothing in the Plan or this Agreement shall interfere with or limit in any way the right of the Company to terminate any Participant's employment at any time, or confer upon any Participant any right to continue in the employ or retention of the Company.

(c) Binding Effect; Benefits. This Agreement shall be binding upon and inure to the benefit of the parties to this Agreement and their respective successors and assigns. Nothing in this Agreement, express or implied, is intended or shall be construed to give any person other than the parties to this Agreement or their respective successors or assigns any legal or equitable right, remedy or claim under or in respect of any agreement or any provision contained herein.

(d) Amendment. This Agreement may not be amended, modified or supplemented orally, but only by a written instrument executed by the Participant and the Company.

(e) Assignability. Neither this Agreement nor any right, remedy, obligation or liability arising hereunder or by reason hereof shall be assignable by the Company or the Participant without the prior written consent of the other party, provided that the Company may assign all or any portion of its rights or obligations under this Agreement to one or more persons or other entities designated by it.

(f) Applicable Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Delaware, without reference to principles of conflict of laws which would give rise to the application of the substantive law of another jurisdiction.

(g) Severability; Blue Pencil. In the event that any one or more of the provisions of this Agreement shall be or become invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not be affected thereby.

(h) Consent to Electronic Delivery. By executing this Agreement, the Participant hereby consents to the delivery of information (including, without limitation, information required to be delivered to the Participant pursuant to applicable securities laws) regarding the Company and the Subsidiaries, the Plan, and the Restricted Shares via the Company web site or other electronic delivery.

(i) Section and Other Headings, etc. The section and other headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

(j) Notices. All notices under this Agreement shall be (i) delivered by hand, (ii) sent by commercial overnight courier service, (iii) sent by registered or certified mail, return receipt requested, and first-class postage prepaid, (iv) sent by e-mail or any other form of electronic transfer or delivery approved by the Administrator, or (v) faxed, in each case to the parties at their respective addresses and facsimile numbers set forth in the records of the Company or at such other address or facsimile number as may be designated in a notice by either party to the other.

(k) Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall constitute one and the same instrument.

(l) Interpretation. This Agreement is subject to the terms and conditions of the Plan. In the event of any inconsistency between the provisions of this Agreement and the Plan, the Plan shall govern. The Administrator, acting pursuant to the Plan, as constituted from time to time, shall, except as expressly provided otherwise herein, have the right to determine reasonably and in good faith any questions that arise in connection with this Agreement, and any such determination shall be final, binding and conclusive on all Participants and other individuals claiming any right under the Plan. The failure of the Company or the Participant to insist upon strict performance of any provision hereunder, irrespective of the length of time for which such failure continues, shall not be deemed a waiver of such party's right to demand strict performance at any time in the future. No consent or waiver, express or implied, to or of any breach or default in the performance of any obligation or provision hereunder shall constitute a consent or waiver to or of any other breach or default in the performance of the same or any other obligation hereunder.

BOOZ ALLEN HAMILTON HOLDING CORPORATION
ANNUAL INCENTIVE PLAN
(Effective as of October 1, 2010)

SECTION 1. PURPOSE

The purposes of the Plan are to enable the Company and its Subsidiaries to attract, retain, motivate and reward the best qualified executive officers and key employees by providing them with the opportunity to earn competitive compensation directly linked to the Company's performance.

SECTION 2. DEFINITIONS

Unless the context requires otherwise, the following words as used in the Plan shall have the meanings ascribed to each below, it being understood that masculine, feminine and neuter pronouns are used interchangeably and that each comprehends the others.

- (a) "Act" means the Securities Exchange Act of 1934, as amended.
 - (b) "Board" means the Board of Directors of the Company.
 - (c) "Committee" means the Compensation Committee of the Board or such other committee or subcommittee of the Board or the Compensation Committee as the Board or Compensation Committee shall designate from time to time. To the extent Section 162(m) is applicable to the Company and the Plan, and for those awards intended to qualify as performance-based compensation under Section 162(m), the Committee shall consist of two or more members, each of whom is a "Non-Employee Director" within the meaning of Rule 16b-3, as promulgated under the Act, and an "outside director" within the meaning of Section 162(m).
 - (d) "Common Stock" means the class A common stock of the Company, par value \$0.01 per share, and such other class of stock into which such common stock is hereafter converted or exchanged.
 - (e) "Company" means Booz Allen Hamilton Holding Corporation.
 - (f) "Company Approved Departure" means a termination of employment that the Company (through the members of its senior management), in its sole discretion, determines to be in the best interest of the Company and the Company's approval of such termination as a Company Approved Departure is approved or ratified by the Board or the Committee.
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- (g) "Covered Employee" shall have the meaning set forth in Section 162(m).
- (h) "Disability" means "disability," as such term is defined in Section 22(e)(3) of the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder.
- (i) "Equity Incentive Plan" means the Amended and Restated Equity Incentive Plan of Booz Allen Hamilton Holding Corporation, as amended from time to time.
- (j) "Participant" means (i) each executive officer of the Company and (ii) each other employee of the Company or a Subsidiary whom the Committee designates as a participant under the Plan.
- (k) "Performance Period" means each fiscal year or another period as designated by the Committee, so long as such period does not exceed one year.
- (l) "Plan" means this Booz Allen Hamilton Holding Corporation Annual Incentive Plan, as set forth herein and as may hereafter be amended from time to time.
- (m) "Section 162(m)" means Section 162(m) of the Internal Revenue Code of 1986, as amended from time to time, and the rules and regulations promulgated thereunder.
- (n) "Subsidiary" means any business entity in which the Company owns, directly or indirectly, fifty percent (50%) or more of the total combined voting power of all classes of stock entitled to vote, and any other business organization, regardless of form, in which the Company possesses, directly or indirectly, 50% or more of the total combined equity interests.

SECTION 3. AWARDS

(a) Performance Criteria. The Committee shall establish the performance objective or objectives that must be satisfied in order for a Participant to receive an award for a Performance Period; provided that to the extent Section 162(m) is applicable to the Company and the Plan, and for those awards intended to qualify as performance-based compensation under Section 162(m), the Committee shall establish the objective or objectives that must be satisfied in order for a Participant to receive an award for a Performance Period prior to the 91st day of the Performance Period (or such other date as may be required or permitted under Section 162(m)) but not later than the date on which 25% of the performance period has lapsed. When Section 162(m) is applicable to

the Company and the Plan, unless the Committee determines at the time of grant not to qualify the award as performance-based compensation under Section 162(m), any such performance objectives will be based upon the relative or comparative achievement of one or more of the following criteria, whether in absolute terms or relative to the performance of one or more similarly situated companies or a published index covering the performance of a number of companies, as determined by the Committee for the Performance Period: earnings before interest, taxes, depreciation and amortization; operating earnings; net earnings; income; earnings before interest and taxes; total shareholder return; return on the Company's assets; increase in the Company's earnings or earnings per share; revenue growth; share price performance; return on invested capital; operating income; pre- or post-tax income; net income; economic value added; profit margins; cash flow; improvement in or attainment of expense or capital expenditure levels; improvement in or attainment of working capital levels; return on equity; debt reduction; gross profit; market share; cost reductions; workforce satisfaction and diversity goals; workplace health and safety goals; employee retention; completion of key projects and strategic plan development and/or implementation; job profit or performance against a multiplier; or, in the case of persons who are not Covered Employees, such other criteria as may be determined by the Committee. Performance objectives may be established on a Company-wide basis or with respect to one or more business units, divisions, Subsidiaries, or products; and in either absolute terms or relative to the performance of one or more comparable companies or an index covering multiple companies.

When establishing performance objectives for a Performance Period, the Committee may exclude any or all "extraordinary items" as determined under U.S. generally accepted accounting principles and as identified in the financial statements, notes to the financial statements or management's discussion and analysis in the annual report, including, without limitation, the charges or costs associated with restructurings of the Company or any Subsidiary, discontinued operations, extraordinary items, capital gains and losses, dividends, share repurchase, other unusual or non-recurring items, and the cumulative effects of accounting changes. Except in the case of awards intended to qualify as performance-based compensation under Section 162(m), the Committee may also adjust the performance objectives for any Performance Period as it deems equitable in recognition of unusual or non-recurring events affecting the Company, changes in applicable tax laws or accounting principles, or such other factors as the Committee may determine (including, without limitation, any adjustments that would result in the Company paying non-deductible compensation to a Participant).

(b) Maximum Amount Payable. If the Committee certifies in writing that any of the performance objectives established for the relevant Performance Period under Section 3(a) has been satisfied, each Participant who is employed by the Company or one of its Subsidiaries on the last day of the Performance Period for which the award is payable shall be entitled to receive an annual award in an amount not to exceed US \$5,000,000. If a Participant's employment terminates for any reason other than for cause (including, without limitation, his death, disability, retirement under the terms of any retirement plan maintained by the Company or a Subsidiary or Company Approved Departure) prior to the last day of the Performance Period for which the award is payable, the maximum award payable to such Participant under the preceding sentence shall be multiplied by a fraction, the numerator of which is the number of days that have elapsed during the Performance Period in which the termination occurs prior to and including the date of the Participant's termination of employment and the denominator of which is the total number of days in the Performance Period.

(c) Termination of Employment. Unless otherwise determined by the Committee in its sole discretion at the time the performance criteria are selected for a particular Performance Period in accordance with Section 3(a), if a Participant's employment terminates for any reason prior to the date on which the award is paid hereunder, such Participants shall forfeit all rights to any and all awards that have not yet been paid under the Plan; provided that if a Participant's employment terminates as a result of death, Disability or Company Approved Departure, the Committee shall give consideration at its sole discretion to the payment of a partial award with regard to the portion of the Performance Period worked. Notwithstanding the foregoing, if a Participant's employment terminates for any reason prior to the date on which the award is paid hereunder, the Committee, in its discretion, may waive any forfeiture pursuant to this Section 3 in whole or in part but, to the extent Section 162(m) is applicable to the Company and the Plan, may not waive satisfaction of the performance objectives with respect to any Covered Employee.

(d) Negative Discretion. Notwithstanding anything else contained in Section 3(b) to the contrary, the Committee shall have the right, in its absolute discretion, (i) to reduce or eliminate the amount otherwise payable to any Participant under Section 3(b) based on individual performance or conduct or any other factors that the Committee, in its discretion, shall deem appropriate and (ii) to establish rules or procedures that have the effect of limiting the amount payable to each Participant to an amount that is less than the maximum amount otherwise authorized under Section 3(b).

(e) Affirmative Discretion. Notwithstanding any other provision in the Plan to the contrary (including, without limitation, the maximum amounts

payable under Section 3(b)), but subject in the case of awards paid in shares of the Company's Common Stock or other awards under the Equity Incentive Plan to the maximum number of shares available for issuance under the Equity Incentive Plan, (i) the Committee shall have the right, in its discretion, to grant any annual award in cash, in shares of the Company's Common Stock, in other awards under the Equity Incentive Plan or in any combination thereof, to any Participant (except for a Participant who is a Covered Employee, to the extent Section 162(m) is applicable to the Company and the Plan) for the year in which the amount paid would ordinarily be deductible by the Company for federal income tax purposes in an amount up to the maximum award payable under Section 3(b), based on individual performance or any other criteria that the Committee deems appropriate and (ii) in connection with the hiring of any person who is or becomes a Covered Employee, the Committee may provide for a minimum award amount in any Performance Period, regardless of whether performance objectives are attained.

SECTION 4. PAYMENT

Except as otherwise provided hereunder, payment of any award amount determined under Section 3 shall be made to each Participant as soon as practicable after the Committee certifies that one or more of the applicable performance objectives have been attained (or, in the case of any award payable under the provisions of Section 3(d), after the Committee determines the amount of any such award) and in any event no later than two and a half months after the end of the fiscal year in which the Performance Period ends. The Committee shall determine whether any bonus payable under the Plan is payable in cash, in shares of Common Stock (including, but not limited to, restricted common stock or restricted stock units) or other awards under the Equity Incentive Plan, or in any combination thereof. The Committee shall have the right to impose whatever conditions it deems appropriate with respect to the award of shares of Common Stock or other awards, including conditioning the vesting of such shares or other awards on the performance of additional service.

SECTION 5. GENERAL PROVISIONS

(a) Administration. The Committee shall be responsible for the administration of the Plan; provided that, in no event shall the Plan be interpreted in a manner that would cause any award intended to be qualified as performance-based compensation under Section 162(m) to fail to so qualify. The Committee shall establish the performance objectives for any fiscal year or other Performance Period determined by the Committee in accordance with Section 3 and certify whether such performance objectives have been obtained. The Committee may prescribe, amend and rescind rules and regulations relating to the administration of the Plan and make all other determinations necessary or advisable for the administration and interpretation of the Plan. Any authority exercised by the

Committee under the Plan shall be exercised by the Committee in its sole discretion. Determinations, interpretations or other actions made or taken by the Committee under the Plan shall be final, binding and conclusive for all purposes and upon all persons.

(b) Delegation by the Committee. All of the powers, duties and responsibilities of the Committee specified in this Plan may be exercised and performed by the Committee or any duly constituted committee thereof to the extent authorized by the Committee to exercise and perform such powers, duties and responsibilities, and any determination, interpretation or other action taken by such committee shall have the same effect hereunder as if made or taken by the Committee; provided that, to the extent Section 162(m) is applicable to the Company and the Plan, the Committee shall in no event delegate its authority with respect to the compensation of any Covered Employee.

(c) Tax Withholding. The Company shall have the power to withhold, or to require the Participant to remit to the Company, an amount in cash sufficient to satisfy all U.S. federal, state, local and any non-U.S. withholding tax or other governmental tax, charge or fee requirements in respect of any payment under the Plan.

(d) No Guarantee of Employment. Nothing in the Plan shall interfere with or limit in any way the right of the Company to terminate any Participant's employment at any time, or confer upon any Participant any right to continue in the employ or retention of the Company.

(e) Unfunded Plan; Plan Not Subject to ERISA. The Plan is an unfunded plan and Participants shall have the status of unsecured creditors of the Company. The Plan is not intended to be subject to the Employee Retirement Income and Security Act of 1974, as amended.

(f) Freedom of Action. Nothing in the Plan shall be construed as limiting or preventing the Company or any of its affiliates from taking any action that it deems appropriate or in its best interest (as determined in its sole and absolute discretion) and no Participant (or person claiming by or through a Participant) shall have any right relating to the diminishment in the value of any award or any associated return as a result of any such action. The foregoing shall not constitute a waiver by a Participant of the terms and provisions of the Plan.

(g) Forfeiture of Award Amounts.

(i) Forfeiture for Financial Reporting Misconduct. If the Company is required to prepare an accounting restatement due to material noncompliance by the Company with any financial

reporting requirement under the securities laws, (x) with respect to any Participant who either knowingly or grossly negligently engaged in the misconduct or knowingly or grossly negligently failed to prevent the misconduct as determined by the Committee or is one of the individuals subject to automatic forfeiture under Section 304 of the Sarbanes-Oxley Act of 2002, such Participant shall forfeit and disgorge to the Company any award amounts (A) received during the twelve (12)-month period following the filing of the financial document embodying such financial reporting requirement or (B) earned based on the materially non-complying financial reporting, and (y) with respect to any Participant who is a current or former executive officer of the Company (as defined under the Securities Exchange Act of 1934) who received incentive compensation under the Plan during the three-year period preceding the date on which the Company is required to prepare such accounting restatement, based on erroneous data, in excess of what would have been awarded or paid to such Participant under such accounting restatement, such Participant shall forfeit and disgorge to the Company such excess incentive compensation.

(ii) Forfeiture under Applicable Laws or Regulations. In addition to forfeiture for the reasons specified in subsection (i) of this Section 5(g), the Participant shall forfeit and disgorge to the Company any award amounts to the extent required by applicable law or regulations in effect on or after the effective date of the Plan.

(h) Term of Plan. The Plan shall be effective with respect to fiscal periods beginning on or after October 1, 2010; provided that, unless otherwise determined by the Board, it is intended that the material terms of the performance objectives under this Plan and the maximum amount of compensation payable to a Covered Employee will be disclosed to and reapproved by the Company's shareholders at the Company's annual meeting of shareholders in 2014 to the extent necessary to continue to qualify the amounts payable hereunder to Covered Employees as performance-based compensation under Section 162(m).

(i) Amendment or Alteration. Notwithstanding Section 5(a), the Board or the Committee may at any time amend, suspend, discontinue or terminate the Plan; provided that no such action shall be effective without approval by the shareholders of the Company to the extent necessary to continue to qualify the amounts payable hereunder to Covered Employees as performance-based compensation under Section 162(m).

(j) Severability. The holding of any provision of this Plan to be illegal, invalid or unenforceable by a court of competent jurisdiction shall not affect any other provision of this Plan, which shall remain in full force and effect.

(k) Assignment. Except as otherwise provided in this Section 5(k), this Plan shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, representatives, successors and assigns. Neither this Plan nor any right or interest hereunder shall be assignable by the Participant, his beneficiaries, or legal representatives; provided that nothing in this Section 5(k) shall preclude the Participant from designating a beneficiary to receive any benefit payable hereunder upon his death, or the executors, administrators or other legal representatives of the Participant or his estate from assigning any rights hereunder to the person or persons entitled thereunto. This Plan shall be assignable by the Company to a Subsidiary or Affiliate of the Company; to any corporation, partnership or other entity that may be organized by the Company, its general partners or its Participants as a separate business unit in connection with the business activities of the Company or Participants; or to any corporation, partnership or other entity resulting from the reorganization, merger or consolidation of the Company with any other corporation, partnership or other entity, or any corporation, partnership, or other entity to or with which all or any portion of the Company's business or assets may be sold, exchanged or transferred.

(l) No Attachment. Except as required by law, no right to receive payments under this Plan shall be subject to anticipation, commutation, alienation, sale, assignment, encumbrance, charge, pledge or hypothecation, or to execution, attachment, levy or similar process or assignment by operation of law, and any attempt, voluntary or involuntary, to effect any such action shall be null, void and of no effect.

(m) Headings. The Section headings appearing in this Plan are used for convenience of reference only and shall not be considered a part of this Plan or in any way modify, amend, or affect the meaning of any of its provisions.

(n) Rules of Construction. Whenever the context so requires, the use of the masculine gender shall be deemed to include the feminine and vice versa, and the use of the singular shall be deemed to include the plural and vice versa. That this Plan was drafted by the Company shall not be taken into account in interpreting or construing any provision of this Plan.

(o) Governing Law. This Plan and its enforcement shall be governed by, and construed in accordance with, the laws of the State of Delaware, excluding any conflicts or choice of law rule or principle that might otherwise

refer construction or interpretation of this Plan to the substantive law of another jurisdiction.

BENEFIT PLAN

**What Your Plan
Covers and How
Benefits are Paid**

**Prepared Exclusively for
Booz Allen Hamilton**

Officer's Comprehensive Medical and Dental Choice Plans

**Aetna Life Insurance Company
Booklet-Certificate**

This Booklet-Certificate is part of the Group Insurance Policy between **Aetna** Life Insurance Company and the Policyholder



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Preface (GR-9N 02-005-01)

Aetna Life Insurance Company (ALIC) is pleased to provide you with this *Booklet-Certificate*. Read this *Booklet-Certificate* carefully. The plan is underwritten by Aetna Life Insurance Company of Hartford, Connecticut (referred to as **Aetna**).

This *Booklet-Certificate* is part of the *Group Insurance Policy* between Aetna Life Insurance Company and the Policyholder. The *Group Insurance Policy* determines the terms and conditions of coverage. **Aetna** agrees with the Policyholder to provide coverage in accordance with the conditions, rights, and privileges as set forth in this *Booklet-Certificate*. The Policyholder selects the products and benefit levels under the plan. A person covered under this plan and their covered dependents are subject to all the conditions and provisions of the *Group Insurance Policy*.

The *Booklet-Certificate* describes the rights and obligations of you and **Aetna**, what the plan covers and how benefits are paid for that coverage. It is your responsibility to understand the terms and conditions in this *Booklet-Certificate*. Your *Booklet-Certificate* includes the *Schedule of Benefits* and any amendments or riders.

If you become insured, this *Booklet-Certificate* becomes your *Certificate of Coverage* under the *Group Insurance Policy*, and it replaces and supersedes all certificates describing similar coverage that **Aetna** previously issued to you.

Group Policyholder:	Booz Allen Hamilton
Group Policy Number:	GP-800105
Effective Date:	January 1, 2010
Issue Date:	December 21, 2009
Booklet-Certificate Number:	1



Ronald A. Williams
Chairman, Chief Executive Officer and President

Aetna Life Insurance Company
(A Stock Company)

Coverage for You and Your Dependents (GR-9N 02-005-01)

Health Expense Coverage

Benefits are payable for covered health care expenses that are incurred by you or your covered dependents while coverage is in effect. An expense is "incurred" on the day you receive a health care service or supply.

Coverage under this plan is non-occupational. Only **non-occupational injuries** and **non-occupational illnesses** are covered.

Refer to the *What the Plan Covers* section of the *Booklet-Certificate* for more information about your coverage.

Treatment Outcomes of Covered Services

Aetna is not a provider of health care services and therefore is not responsible for and does not guarantee any results or outcomes of the covered health care services and supplies you receive. Except for Aetna RX Home Delivery LLC, providers of health care services, including hospitals, institutions, facilities or agencies, are independent contractors and are neither agents nor employees of **Aetna** or its affiliates.

When Your Coverage Begins
(GR-9N 29-005-01-NY)

Throughout this section you will find information on who can be covered under the plan, how to enroll and what to do when there is a change in your life that affects coverage. In this section, “you” means the employee.

Who Can Be Covered

Employees

To be covered by this plan, the following requirements must be met:

- You will need to be in an “eligible class”, as defined below; and
- You will need to meet the “eligibility date criteria” described below.

Eligible Classes

You are in an eligible class if:

- You are a regular full-time employee, as defined by your employer.

Determining When You Become Eligible

You become eligible for the plan on your eligibility date, which is determined as follows.

On the Effective Date of the Plan

If you are in an eligible class on the effective date of this plan, your coverage eligibility date is the effective date of the plan.

After the Effective Date of the Plan

If you are hired after the effective date of this plan, your coverage eligibility date is the date you are hired.

If you enter an eligible class after the effective date of this plan, your coverage eligibility date is the date you enter the eligible class.

Obtaining Coverage for Dependents (GR-9N 29-010 02)

Your dependents can be covered under your plan. You may enroll the following dependents:

- Your legal spouse; or
- Your domestic partner who meets the rules set by your employer; and
- Your dependent children.

Aetna will rely upon your employer to determine whether or not a person meets the definition of a dependent for coverage under the plan. This determination will be conclusive and binding upon all persons for the purposes of this plan.

Coverage for Domestic Partner (GR-9N 29-010 01-NY)

To be eligible for coverage, you and your domestic partner will need to complete and sign a Declaration of Domestic Partnership.

Coverage for Dependent Children (GR-9N 29-010 02) (GR-9N 29-010-HRPA)

To be eligible, a dependent child must be:

- Unmarried; and
- Under 23 years of age; not working full time, and who can qualify as dependents under the provision of the IRS.

An eligible dependent child includes:

- Your biological children;
- Your stepchildren;
- Your legally adopted children;
- Your foster children, including any children placed with you for adoption;
- Any children for whom you are responsible under court order;
- Your grandchildren in your court-ordered custody; and
- Any other child who lives with you in a parent-child relationship.

Coverage for a handicapped child may be continued past the age limits shown above. See *Handicapped Dependent Children* for more information.

Important Reminder

Keep in mind that you cannot receive coverage under the plan as:

- Both an employee and a dependent; or
- A dependent of more than one employee.

How and When to Enroll (GR-9N 29-015 03 NY)

Initial Enrollment in the Plan

You will be provided with plan benefit and enrollment information when you first become eligible to enroll. To complete the enrollment process, you will need to provide all requested information for yourself and your eligible dependents.

You will need to enroll within 31 days of your eligibility date. Otherwise, you may be considered a Late Enrollee. If you miss the enrollment period, you will not be able to participate in the plan until the next annual enrollment period, unless you qualify under a Special Enrollment Period, as described below.

Newborns are automatically covered for 31 days after birth. To continue coverage after 31 days, you will need to complete a change form and return it to your employer within the 31-day enrollment period.

How and When to Enroll (GR-9N 29-015 03 NY)

Initial Enrollment in the Plan

You will be provided with plan benefit and enrollment information when you first become eligible to enroll. To complete the enrollment process, you will need to provide all requested information for yourself and your eligible dependents.

You will need to enroll within 31 days of your eligibility date.

Newborns are automatically covered for 31 days after birth. To continue coverage after 31 days, you will need to complete a change form and return it to your employer within the 31-day enrollment period.

Late Enrollment

If you do not enroll during the Initial Enrollment Period, or a subsequent annual enrollment period, you and your eligible dependents may be considered **Late Enrollees** and coverage may be deferred until the next annual enrollment period. If, at the time of your initial enrollment, you elect coverage for yourself only and later request coverage for your eligible dependents, they may be considered **Late Enrollees**.

You must return your completed enrollment form before the end of the next annual enrollment period.

Late Enrollees are subject to the Preexisting Condition Limitation.

However, you and your eligible dependents may not be considered **Late Enrollees** under the circumstances described in the "Special Enrollment Periods" section below.

Special Enrollment Periods

You will not be considered a **Late Enrollee** if you qualify under a Special Enrollment Period as defined below. If one of these situations applies, you may enroll before the next annual enrollment period.

Loss of Other Health Care Coverage

You or your dependents may qualify for a Special Enrollment Period if:

- You did not enroll yourself or your dependent when you first became eligible or during any subsequent annual enrollments because, at that time:
 - You or your dependents were covered under other **creditable coverage**; and
 - You refused coverage and stated, in writing, at the time you refused coverage that the reason was that you or your dependents had other **creditable coverage**, but such written statement is required only if your employer requires the statement and gives you notice of the requirement, and the notice explains the consequence of failing to provide such statement; and
- You or your dependents are no longer eligible for other **creditable coverage** because of one of the following:
 - The end of your employment;
 - A reduction in your hours of employment (for example, moving from a full-time to part-time position);
 - The ending of the other plan's coverage;
 - Death;
 - Divorce or legal separation;
 - Employer contributions toward that coverage have ended;
 - COBRA coverage ends;
 - the employer's decision to stop offering the group health plan to the eligible class to which you belong;
 - cessation of a dependent's status as an eligible dependent as such is defined under this Plan; or
 - you or your dependents have reached the lifetime maximum of another Plan for all benefits under that Plan.
- You will need to enroll yourself or a dependent for coverage within 31 days of when other **creditable coverage** ends. Evidence of termination of **creditable coverage** must be provided to **Aetna**. If you do not enroll during this time, you will need to wait until the next annual enrollment period.

New Dependents

You and your dependents may qualify for a Special Enrollment Period if:

- You did not enroll when you were first eligible for coverage; and
- You later acquire a dependent, as defined under the plan, through marriage, birth, adoption, or placement for adoption; and
- You elect coverage for yourself and your dependent within 31 days of acquiring the dependent.

Your spouse or child who meets the definition of a dependent under the plan may qualify for a Special Enrollment Period if:

- You did not enroll them when they were first eligible; and
- You later elect coverage for them within 31 days of a court order requiring you to provide coverage.

You will need to report any new dependents by completing a change form, which is available from your employer. The form must be completed and returned to **Aetna** within 31 days of the change. If you do not return the form within 31 days of the change, you will need to make the changes during the next annual enrollment period. However, coverage for a newborn child will be provided from the date you give notice to **Aetna**.

If You Adopt a Child

Your plan will cover a child who is placed for adoption. This means you have taken on the legal obligation for total or partial support of a child whom you plan to adopt.

Your plan will provide coverage for a child who is placed with you for adoption if:

- The child meets the plan's definition of an eligible dependent on the date he or she is placed for adoption; and
- You request coverage for the child in writing within 31 days of the placement.
- Proof of placement will need to be presented to **Aetna** prior to the dependent enrollment.
- Any coverage limitations for a pre-existing condition will not apply to a child placed with you for adoption provided that the placement occurs on or after the effective date of your coverage.

When You Receive a Qualified Child Support Order

A Qualified Medical Child Support Order (QMCSO) is a court order requiring a parent to provide health care coverage to one or more children. A Qualified Domestic Relations Support Order (QDRSO) is a court order requiring a parent to provide dependent's health insurance coverage to one or more children. Your plan will provide coverage for a child who is covered under a QMCSO or a QDRSO, if:

- The child meets the plan's definition of an eligible dependent; and
- You request coverage for the child in writing within 31 days of the court order.

Coverage for the dependent will become effective on the date of the court order. Any coverage limitations for a pre-existing condition will not apply, as long as you submit a written request for coverage within the 31-day period.

If you do not request coverage for the child within the 31-day period, **Aetna** will nevertheless provide the coverage for the child and for you, if necessary, regardless of whether you request coverage within the 31 days or not.

Under a QMCSO or QDRSO, if you are the non-custodial parent, the custodial parent may file claims for benefits. Benefits for such claims will be paid to the custodial parent.

When Your Coverage Begins (GR N S 29-025 01 NY)

Your Effective Date of Coverage

Your coverage takes effect on:

- The date you are eligible for coverage;
- If you are considered a late enrollee, on the first day of the first calendar month following the end of the late entrant enrollment period during which you elect coverage.

Your Dependent's Effective Date of Coverage

Your dependent's coverage takes effect on the same day that your coverage becomes effective, if you have enrolled them in the plan by then.

If any dependent is considered a late enrollee, coverage will take effect on the first day of the first calendar month following the end of the late entrant period during which you elect coverage for such dependent.

How Your Medical Plan Works
(GR-9N 08-005 01 NY)

Common Terms

Accessing Providers

It is important that you have the information and useful resources to help you get the most out of your **Aetna** medical plan. This Booklet-Certificate explains:

- Definitions you need to know;
- How to access care, including procedures you need to follow;
- What expenses for services and supplies are covered and what limits may apply;
- What expenses for services and supplies are not covered by the plan;
- How you share the cost of your covered services and supplies; and
- Other important information such as eligibility, complaints and appeals, termination, continuation of coverage, and general administration of the plan.

Important Notes

- Unless otherwise indicated, “you” refers to you and your covered dependents.
- Your health plan pays benefits only for services and supplies described in this Booklet-Certificate as **covered expenses** that are **medically necessary**.
- This Booklet-Certificate applies to coverage only and does not restrict your ability to receive health care services that are not or might not be covered benefits under this health plan.
- Store this Booklet-Certificate in a safe place for future reference.

Common Terms (GR-9N 08-010-01) (GR-9N 08-005 01 NY)

Many terms throughout this Booklet-Certificate are defined in the *Glossary* section at the back of this document. Defined terms appear in bolded print. Understanding these terms will also help you understand how your plan works and provide you with useful information regarding your coverage.

About Your Comprehensive Medical Plan (GR-9N 08-015 01 NY)

This **Aetna** medical plan is designed to cover a range of medical services and supplies for the treatment of **illness** and **injury** expenses. It does not provide benefits for all medical care.

The plan will pay for **covered expenses** up to the maximum benefits shown in this Booklet-Certificate. Coverage is subject to all the terms, policies and procedures outlined in this Booklet-Certificate. Not all medical expenses are covered under the plan. Exclusions and limitations apply to certain medical services, supplies and expenses. Refer to the *What the Plan Covers, Exclusions, Limitations and Schedule of Benefits* sections to determine if medical services are covered, excluded, or limited.

Using the Plan

- When you need medical care, you can directly access **physicians, hospitals** and other health care providers of your choice for covered services and supplies under the plan.

- You will receive notification of what the plan has paid toward your **covered expenses**. It will indicate any amounts you owe towards your **deductible, payment percentage** or other non-covered expenses you have incurred. You may elect to receive this notification by e-mail, or through the mail. Call or e-mail Member Services if you have questions regarding your statement.

Important Note

Failure to **precertify** will result in a reduction of benefits under this Booklet-Certificate. Please refer to the *Understanding Precertification* section for information on how to request precertification.

Cost Sharing

Important Note:

You share in the cost of your care. Cost Sharing amounts and provisions are described in the *Schedule of Benefits*.

- You must satisfy any applicable **deductibles** before the plan begins to pay benefits.
- After you satisfy any applicable **deductible**, you will be responsible for any applicable **coinsurance** for **covered expenses** that you incur. You will be responsible for your **coinsurance** up to the **coinsurance limit** applicable to your plan.
- Your **coinsurance** will be based on the **recognized charge**. If the health care provider you select charges more than the **recognized charge**, you will be responsible for any expenses above the **recognized charge**.
- Once you satisfy the **coinsurance limit**, the plan will pay 100% of the **covered expenses** that apply toward the limit for the rest of the Calendar Year. Certain designated out-of-pocket expenses may not apply to the **coinsurance limit**. Refer to your *Schedule of Benefits* section for information on what expenses do not apply to the limit and specific dollar limits that apply to your plan.
- The plan will pay for **covered expenses**, up to the maximums shown in the *What the Plan Covers* or *Schedule of Benefit* sections. You are responsible for any expenses incurred over the maximum limits outlined in the *What the Plan Covers* or *Schedule of Benefits* sections.

Emergency and Urgent Care (GR-9N-27-005-01)

You have coverage 24 hours a day, 7 days a week, anywhere inside or outside the plan's service area, for:

- An **emergency medical condition**; or
- An **urgent condition**.

In Case of a Medical Emergency

When **emergency care** is necessary, please follow the guidelines below:

- Seek the nearest emergency room, or dial 911 or your local emergency response service for medical and ambulatory assistance. If possible, call your **physician** provided a delay would not be detrimental to your health.
- After assessing and stabilizing your condition, the emergency room should contact your **physician** to obtain your medical history to assist the emergency **physician** in your treatment.
- If you are admitted to an inpatient facility, notify your **physician** as soon as reasonably possible.
- Please refer to the *Schedule of Benefits* for specific details about the plan.

Coverage for Emergency Medical Conditions

Refer to **Coverage for Emergency Medical Conditions** in the *What the Plan Covers* section.

Important Reminder

With the exception of Urgent Care described below, if you visit a **hospital** emergency room for a non-emergency condition, the plan will pay a reduced benefit, as shown in the *Schedule of Benefits*. No other plan benefits will pay for non-emergency care in the emergency room.

In Case of an Urgent Condition (GR-9N-27-010-01)

Call your **physician** if you think you need urgent care. **Physicians** usually provide coverage 24 hours a day, including weekends and holidays for urgent care. You may contact any **physician** or **urgent care provider**, for an **urgent care condition** if you cannot reach your **physician**.

If it is not feasible to contact your **physician**, please do so as soon as possible after urgent care is provided. If you need help finding an **urgent care provider** you may call Member Services at the toll-free number on your I.D. card, or you may access Aetna's online provider directory at www.aetna.com.

Coverage for an Urgent Condition

Refer to **Coverage for Urgent Medical Conditions** in the *What the Plan Covers* section.

Follow-Up Care After Treatment of an Emergency or Urgent Medical Condition

Follow-up care is not considered an emergency or **urgent condition** and is not covered as part of any emergency or urgent care visit. Once you have been treated and discharged, you should contact your **physician** for any necessary follow-up care.

For coverage purposes, follow-up care is treated as any other expense for **illness** or **injury**. If you access a **hospital** emergency room for follow-up care, your expenses will not be covered and you will be responsible for the entire cost of your treatment. Refer to your *Schedule of Benefits* for cost sharing information applicable to your plan.

To keep your out-of-pocket costs lower, your follow-up care should be provided by a **physician**.

Important Notice

Follow up care, which includes (but is not limited to) suture removal, cast removal and radiological tests such as x-rays, should **not** be provided by an emergency room facility.

Requirements For Coverage (GR-9N S-09-005- 01 NY)

To be covered by the plan, services and supplies and **prescription drugs** must meet all of the following requirements:

1. The service or supply or **prescription drug** must be covered by the plan. For a service or supply or **prescription drug** to be covered, it must:
 - Be included as a covered expense in this Booklet-Certificate;
 - Not be an excluded expense under this Booklet-Certificate. Refer to the *Exclusions* sections of this Booklet-Certificate for a list of services and supplies that are excluded;
 - Not exceed the maximums and limitations outlined in this Booklet-Certificate. Refer to the *What the Plan Covers* section and the *Schedule of Benefits* for information about certain expense limits; and
 - Be obtained in accordance with all the terms, policies and procedures outlined in this Booklet-Certificate.
2. The service or supply or **prescription drug** must be provided while coverage is in effect. See the *Who Can Be Covered*, *How and When to Enroll*, *When Your Coverage Begins*, *When Coverage Ends* and *Continuation of Coverage* sections for details on when coverage begins and ends.

What The Plan Covers
(GR-9N 11-005 01 NY)

Wellness

Physician Services

Hospital Expenses

Other Medical Expenses

Comprehensive Medical Plan

Many preventive and routine medical expenses as well as expenses incurred for a serious **illness** or **injury** are covered. This section describes which expenses are **covered expenses**. Only expenses incurred for the services and supplies shown in this section are **covered expenses**. Limitations and exclusions apply.

Wellness

Routine Physical Exams

Covered expenses include charges made by your **physician** for routine physical exams for person's age 19 or more. A routine exam is a medical exam given by a **physician** for a reason other than to diagnose or treat a suspected or identified **illness** or **injury**, and also includes:

- Radiological services, X-rays, lab and other tests given in connection with the exam; and
- Immunizations for infectious diseases and the materials for administration of immunizations as recommended by the Advisory Committee on Immunization Practices of the Department of Health and Human Services, Center for Disease Control; and
- Testing for Tuberculosis.

Covered expenses for children from birth through age 18 also include:

- An initial **hospital** check up and well child visits in accordance with the prevailing clinical standards of the American Academy of Pediatric Physicians.

Unless specified above, not covered under this benefit are charges for:

- Services which are covered to any extent under any other part of this plan;
- Services which are for diagnosis or treatment of a suspected or identified **illness** or **injury**;
- Exams given during your **stay** for medical care;
- Services not given by a **physician** or under his or her direction;
- Psychiatric, psychological, personality or emotional testing or exams;

Important Reminder

Refer to the *Schedule of Benefits* for details about any applicable deductibles, coinsurance, benefit maximums and frequency and age limits for physical exams.

Preventive Health Care Services Expenses (GR 9 NS 11-005 01 NY)

This plan will pay for charges for preventive health care services provided in connection with a routine physical exam of a dependent child under 23 years of age, as follows. These charges are not subject to deductible or any lifetime maximum benefit. These services may be provided in a **hospital** or **physician's** office.

An initial hospital checkup and well-child visits scheduled in accordance with the prevailing standards of a national association of pediatric physicians designated by the New York State commissioner of health.

At each visit, services in accordance with the prevailing clinical standards of the designated association, including:

- A medical history;
- a complete physical examination;
- developmental assessment;
- anticipatory guidance;
- appropriate immunizations;
- laboratory tests.

All necessary immunizations recommended by the Advisory Committee on Immunizations Practices of the U.S. Public Health Service and the Department of Health of The State of New York, and in accordance with the minimum benefits mandated by the State of New York.

Not covered are charges for:

- Services which are covered to any extent under any other part of the plan;
- Services for diagnosis or treatment of a suspected or identified illness or disease;
- Medicines or drugs;
- Appliances, equipment or supplies;
- Premarital exams; dental exams; hearing exams; or exams related in any way to employment.

Routine Cancer Screenings

The plan will pay for charges incurred for routine cancer screening, as follows:

Mammograms:

- Upon recommendation of a **physician**, a mammogram at any age for females having a history of breast cancer or who have a first degree relative with a prior history of breast cancer;
- A single baseline mammogram for covered females aged 35 through 39; and
- An annual mammogram for covered females aged 40 or older.

Two gynecological exams, including Pap smear, per calendar year.

The following coverage for diagnostic screening of prostatic cancer:

- Standard diagnostic tests, including but not limited to a digital rectal exam and one prostate specific antigen (PSA) test per calendar year, at any age for males having a prior history of prostate cancer; and
- An annual standard diagnostic examination, including but not limited to a digital rectal examination and a prostate specific antigen test for males age 50 or more who are asymptomatic and for males age 40 or more with a family history of prostate cancer or other prostate cancer risk factors.

Fecal occult blood test, sigmoidoscopy, colonoscopy, double contrast barium enema.

Any age limits shown above do not apply to any person who is at high risk for the cancer being screened.

Early Intervention Services Expenses

The plan will pay the following charges even though they may not be incurred in connection with an **injury** or **disease**. Benefits are payable on the same basis as any other sickness. They are included only for a dependent child:

- Until September 1 of the calendar year in which the child attains the age of 3 years; if the child is born between January 1 and August 31 of that calendar year.
- Until January 2 of the calendar year following the calendar year the child attains the age of 3 years; if the child is born between September 1 and December 31 of the preceding calendar year.

The dependent child must be certified by the New York Department of Health as eligible to participate in the Early Intervention Program. You must submit proof of such qualification with the initial claim.

Early Intervention Services Expenses

These are the charges incurred for Early Intervention Services.

Early Intervention Services: These are services, designed to offer a comprehensive array of educational, developmental, health and social services to eligible infants, children and their families as specified in program regulations. They include, but are not limited to, the following:

- Speech and language therapy given in connection with a speech impairment resulting from a congenital abnormality, disease or injury.
- Occupational or physical therapy expected to result in significant improvement of a body function impaired by a congenital abnormality, disease or injury.
- Clinical psychological tests or treatment.
- Skilled nursing services, on a part-time or intermittent basis, given by an R.N. or by an L.P.N.

Benefits paid for early intervention services will not be applied against any maximum lifetime or annual limits specified in this Booklet-Certificate. However, visit limitations and other terms and conditions of the Booklet-Certificate will continue to apply to early intervention services. Visits used for Early Intervention Services will not reduce the number of visits otherwise available under the coverage for such services.

Family Planning Services (GR-9N 11-005 01 NY)

Covered expenses include charges for certain contraceptive and family planning services, even though not provided to treat an **illness** or **injury**. Refer to the *Schedule of Benefits* for any frequency limits that apply to these services, if not specified below.

Contraception Services

Covered expenses include charges for contraceptive services and supplies provided on an outpatient basis, including:

- Contraceptive drugs and contraceptive devices prescribed by a **physician** provided they have been approved by the Federal Drug Administration;
- Related outpatient services such as:
 - Consultations;
 - Exams;
 - Procedures; and
 - Other medical services and supplies.

Not covered are:

- Charges for services which are covered to any extent under any other part of the Plan or any other group plans sponsored by your employer; and
- Charges incurred for contraceptive services while confined as an inpatient.

Other Family Planning

Covered expenses include charges for family planning services, including:

- Voluntary sterilization.
- Voluntary termination of pregnancy.

The plan does *not* cover the reversal of voluntary sterilization procedures, including related follow-up care.

Also see section on pregnancy and infertility related expenses on a later page.

Bone Mineral Density Measurement or Test, Drug and Devices (GR-9N 11-085-NY)

Covered expenses include charges incurred for bone mineral density measurements or tests, including drugs and devices, for individuals(a) meeting the criteria under the federal Medicare program or the National Institutes of Health; or (b) previously diagnosed as having osteoporosis or a family history of osteoporosis; or (c) with symptoms or conditions indicative of the presence or of significant risk of osteoporosis; or (d) on a prescribed drug regimen posing a significant risk of osteoporosis; or (e) with lifestyle factors to such a degree posing a significant risk of osteoporosis; or (f) with such age, gender and/or other physiological characteristics which pose a significant risk for osteoporosis.

Bone mineral density measurements or tests, drugs and devices include those covered under the federal Medicare program as well as those in accordance with the criteria of the National Institutes of Health, including dual energy X-ray absorptiometry.

Vision Care Services (GR-9N 11-010 -01)

Covered expenses include charges made by a legally qualified ophthalmologist or optometrist for the following services:

- **Routine** eye exam: The plan covers expenses for a complete routine eye exam that includes refraction and glaucoma testing. A routine eye exam does not include a contact lens exam. The plan covers charges for one routine eye exam in any Calendar Year.

Limitations

Coverage is subject to any applicable Calendar Year **deductibles, copays** and **coinsurance** percentages shown in your *Schedule of Benefits*.

Hearing Exam (GR-9N 11-015-01)

Covered expenses include charges for an audiometric hearing exam if the exam is performed by:

- A **physician** certified as an otolaryngologist or otologist; or
- An audiologist who:
 - Is legally qualified in audiology; or
 - Holds a certificate of Clinical Competence in Audiology from the American Speech and Hearing Association (in the absence of any applicable licensing requirements); and
 - Performs the exam at the written direction of a legally qualified otolaryngologist or otologist.

The plan will not cover expenses for charges for more than one hearing exam per Calendar Year.

All **covered expenses** for the hearing exam are subject to any applicable **deductible, copay** and **coinsurance** shown in your *Schedule of Benefits*.

Physician Services (GR 9N S 11-20 01 NY)

Physician Visits

Covered medical expenses include charges made by a **physician** during a visit to treat an **illness** or **injury**. The visit may be at the **physician's** office, in your home, in a **hospital** or other facility during your **stay** or in an outpatient facility. **Covered expenses** also include:

- Immunizations for infectious disease;
- Allergy testing, treatment and injections; and
- Charges made by a qualified **physician** for a second surgical opinion on the need for surgery; and a second medical opinion by an appropriate specialist (including, but not limited to a specialist affiliated with a specialty care center for the treatment of cancer) in the event of a positive or negative diagnosis of cancer; or a recurrence or cancer; or a recommendation of a course of treatment for cancer. The opinion may be rendered by either a **network** or a **non-network** specialist.

Surgery

Covered expenses include charges made by a **physician** for:

- Performing your surgical procedure;
- Pre-operative and post-operative visits; and
- Consultation with another **physician** to obtain a second opinion prior to the surgery.

Anesthetics

Covered expenses include charges for the administration of anesthetics and oxygen by a **physician**, other than the operating **physician**, or Certified Registered Nurse Anesthetist (C.R.N.A.) in connection with a covered procedure.

Hospital Expenses (GR 9N S 11-030 01 NY)

Covered medical expenses include services and supplies provided by a **hospital** during your **stay**.

Room and Board

Covered expenses include charges for **room and board** provided at a **hospital** during your **stay**. Private room charges that exceed the **hospital's semi-private room rate** are not covered unless a private room is required because of a contagious **illness** or immune system problem.

Room and board charges also include:

- Services of the **hospital's** nursing staff;
- Admission and other fees;
- General and special diets; and
- Sundries and supplies.

Other Hospital Services and Supplies

Covered expenses include charges made by a **hospital** for services and supplies furnished to you in connection with your **stay**.

Covered expenses include hospital charges for other services and supplies provided, such as:

- **Ambulance** services.
- **Physicians** and surgeons.
- Operating, cytosopic and recovery rooms.
- Intensive or special care facilities and equipment.

- Administration of blood and blood products, but not the cost of the blood or blood products.
- Radiation therapy, chemotherapy.
- Speech therapy, physical therapy and occupational therapy.
- Oxygen and oxygen therapy.
- Radiological services, electrocardiographs, electroencephalographs, laboratory testing and diagnostic services.
- Medications, sera, biological and vaccines.
- Intravenous (IV) preparations, visualizing dyes.
- Discharge planning.
- Dressings and casts.

Outpatient Hospital Expenses Covered expenses include **hospital** charges made for:

- Covered services and supplies provided by the outpatient department of a hospital;
- Hospital services rendered within 24 hours after an accidental injury; and
- X-ray and lab test in the outpatient department of the hospital, to the extent such services would be provided if an inpatient.

Important Reminders

The plan will only pay for nursing services provided by the **hospital** as part of its charge. The plan does *not* cover private duty nursing services as part of an inpatient **hospital** stay.

If a **hospital** or other health care facility does not itemize specific **room and board** charges and other charges, **Aetna** will assume that 40 percent of the total is for **room and board** charge, and 60 percent is for other charges.

(NOTE: The duration and any **stay** for patients undergoing a lymph node dissection or lumpectomy for treatment of breast cancer, or a mastectomy, will be as determined by the attending **physician**, in consultation with the patient.)

In addition to charges made by the **hospital**, certain **physicians** and other providers may bill you separately during your **stay**.

Refer to the *Schedule of Benefits* for any applicable **deductible**, **copay** and **coinsurance** and maximum benefit limits.

Coverage for Emergency Medical Conditions (GR-9N 11-035-01)

Covered expenses include charges made by a **hospital** or a **physician** for services provided in an emergency room to evaluate and treat an **emergency medical condition**.

The **emergency care** benefit covers:

- Use of emergency room facilities;
- Emergency room **physicians** services;
- **Hospital** nursing staff services; and
- Radiologists and pathologists services.

Please contact your **physician** after receiving treatment for an **emergency medical condition**.

Coverage for Urgent Conditions (GR-9N 11-035-01)

Covered expenses include charges made by a **hospital** or **urgent care provider** to evaluate and treat an urgent condition.

Your coverage includes:

- Use of emergency room facilities;
- Use of urgent care facilities;
- **Physicians** services;
- Nursing staff services; and
- Radiologists and pathologists services.

Please contact **physician** after receiving treatment of an urgent condition.

If you visit an **urgent care provider** for a non-urgent condition, the plan will pay a reduced benefit, as shown in the *Schedule of Benefits*.

Alternatives to Hospital Stays (GR-9N 11-035-01)

Outpatient Surgery and Physician Surgical Services

Covered expenses include charges for services and supplies furnished in connection with outpatient surgery made by:

- An office-based surgical facility of a **physician** or **dentist**;
- A **surgery center**; or
- The outpatient department of a **hospital**.

The surgery must meet the following requirements:

- The surgery can be performed adequately and safely only in a **surgery center** or **hospital** and
- The surgery is not normally performed in a **physician's** or **dentist's** office.

Important Note

Benefits for surgery services performed in a **physician's** or **dentist's** office are described under Physician Services benefits in the previous section.

The following outpatient surgery expenses are covered:

- Services and supplies provided by the **hospital, surgery center** on the day of the procedure;
- The operating **physician's** services for performing the procedure, related pre- and post-operative care, and administration of anesthesia; and
- Services of another **physician** for related post-operative care and administration of anesthesia. This does not include a local anesthetic.

Limitations

Not covered under this plan are charges made for:

- The services of a **physician** or other health care provider who renders technical assistance to the operating **physician**.
- A **stay** in a **hospital**.
- Facility charges for office based surgery.

Birth Center (GR-9N 11-045 01 NY)

Covered expenses include charges made by a **birth center** for services and supplies related to your care in a **birth center** for:

- Prenatal care;
- Delivery; and
- Postpartum care within 48 hours after a vaginal delivery and 96 hours after a Cesarean delivery.

Limitations

Unless specified above, not covered under this benefit are charges:

- In connection with a pregnancy for which pregnancy related expenses are not included as a covered expense.

See *Pregnancy Related Expenses* for information about other **covered expenses** related to maternity care.

Ambulatory Care

Covered expenses include charges incurred for ambulatory care in a **hospital's** outpatient department of in a **physician's** office. Ambulatory care includes: services for diagnostic X-rays; laboratory and pathological examinations; physical and radiation therapy; services and medications used for non-experimental cancer chemotherapy and cancer hormone therapy.

The services and supplies must be:

- Related to and necessary for treatment or diagnosis of your **illness or injury**;
- Ordered by a **physician**;
- In the case of physical therapy, furnished for the same illness or injury for which you were hospitalized or for surgery (care must start no later than 6 months after discharge from the **hospital** or surgery and is limited to 365 days following surgery or discharge from the **hospital**).

Home Health Care (GR 9 NS 11-050 01 NY)

Covered expenses include charges for home health care services when ordered by a **physician** provided:

- The charges are made by a **home health care agency**; and
- The care is given under a **home health care plan**; and
- The care is given to you in your home while you are homebound.

Home health care expenses include charges for:

- Part-time or intermittent care by a **R.N.** or by a **L.P.N.**
- Part-time intermittent home health aide services provided in conjunction with and in direct support of patient care.
- Physical, occupational and speech therapy.
- Medical supplies, prescription drugs and medications and lab services by or for a **home health care agency** to the extent they would have been covered under this plan if you been confined in a **hospital** or **skilled nursing facility** (as defined in Title XVIII of the Social Security Act).

Benefits for home health care visits are payable up to the Home Health Care Maximum. Each visit by a nurse or therapist is one visit. Each 4 hours of home health aide services is one visit.

Limitations

Unless specified above, not covered under this benefit are charges for:

- Services or supplies that are not part of the Home Health Care Plan.
- Services of a person who usually lives with you, or who is a member of your or your spouse's or your domestic partner's family.
- Transportation.
- Services that are for **custodial care**.

Important Reminders

The plan does *not* cover **custodial care**, even if care is provided by a nursing professional, and family member or other caretakers cannot provide the necessary care.

Refer to the *Schedule of Benefits* for details about any applicable home health care visit maximums.

Private Duty Nursing (GR-9N S-11-065-01)

Covered expenses include private duty nursing provided by a **R.N.** or **L.P.N.** if the person's condition requires **skilled nursing** care and visiting nursing care is not adequate. However, **covered expenses** will not include private duty nursing for any shifts during a Calendar Year in excess of the Private Duty Nursing Care Maximum Shifts. Each period of private duty nursing of up to 8 hours will be deemed to be one private duty nursing shift.

The plan also covers skilled observation for up to one four-hour period per day, for up to 10 consecutive days following:

- A change in your medication;
- Treatment of an urgent or **emergency medical condition** by a **physician**;
- The onset of symptoms indicating a need for emergency treatment;
- Surgery;
- An inpatient **stay**.

Limitations

Unless specified above, *not* covered under this benefit are charges for:

- Nursing care that does not require the education, training and technical skills of a **R.N.** or **L.P.N.**
- Nursing care assistance for daily life activities, such as:
 - Transportation;
 - Meal preparation;
 - Vital sign charting;
 - Companionship activities;
 - Bathing;
 - Feeding;
 - Personal grooming;
 - Dressing;
 - Toileting; and
 - Getting in/out of bed or a chair.
- Nursing care provided for skilled observation.
- Nursing care provided while you are an inpatient in a **hospital** or health care facility, provided the care can adequately be provided by the facility's general nursing staff, if it were fully staffed.
- A service provided solely to administer oral medicine, except where law requires a **R.N.** or **L.P.N.** to administer medicines.

Skilled Nursing Facility (GR-9N S-11-060-01 NY)

Covered expenses include charges made by a **skilled nursing facility** during your **stay** for the following services and supplies, up to the maximums shown in the *Schedule of Benefits*, including:

- **Room and board**, up to the **semi-private room rate**. The plan will cover up to the private room rate if it is needed due to an infectious illness or a weak or compromised immune system;
- Use of special treatment rooms;
- Radiological services and lab work;
- Physical, occupational, or speech therapy;
- Oxygen and other gas therapy;
- Other medical services and general nursing services usually given by a **skilled nursing facility** (this does not include charges made for private or special nursing, or **physician's** services); and
- Medical supplies.

Important Reminder

Refer to the *Schedule of Benefits* for details about any applicable **skilled nursing facility** maximums.

Limitations

Unless specified above, *not* covered under this benefit are charges for:

- Charges made for the treatment of:
 - Drug addiction;
 - Alcoholism;
 - Senility;
 - Mental retardation; or
 - Any other mental illness; and
- Daily **room and board** charges over the **semi private rate**.

Hospice Care (GR 9N S 11-070 01 NY)

Covered expenses include charges made by the following furnished to you for **hospice care** when given as part of a **hospice care program**.

Facility Expenses

The charges made by a **hospital, hospice** or **skilled nursing facility** for:

- **Room and Board** and other services and supplies furnished during a **stay** for pain control and other acute and chronic symptom management; and
- Services and supplies furnished to you on an outpatient basis.

Outpatient Hospice Expenses

Covered expenses include charges made on an outpatient basis by a **Hospice Care Agency** for:

- Part-time or intermittent nursing care by a **R.N.** or **L.P.N.** for up to eight hours a day;
- Part-time or intermittent home health aide services to care for you up to eight hours a day.
- Medical social services under the direction of a **physician**. These include but are not limited to:
 - Assessment of your social, emotional and medical needs, and your home and family situation;
 - Identification of available community resources; and
 - Assistance provided to you to obtain resources to meet your assessed needs.
- Physical and occupational therapy; and
- Consultation or case management services by a **physician**;
- Medical supplies.
- Prescription drugs;

- Dietary counseling; and
- Psychological counseling.

Charges made by the providers below if they are not an employee of a **Hospice Care Agency**; and such Agency retains responsibility for your care:

- A **physician** for a consultation or case management;
- A physical or occupational therapist;
- A **home health care agency** for:
 - Physical and occupational therapy;
 - Part time or intermittent home health aide services for your care up to eight hours a day;
 - Medical supplies;
 - **Prescription drugs**;
 - Psychological counseling; and
 - Dietary counseling.

Limitations

Unless specified above, *not* covered under this benefit are charges for:

- Daily **room and board** charges over the **semi-private room rate**.
- More than 5 visits for bereavement counseling.
- Funeral arrangements.
- Pastoral counseling.
- Financial or legal counseling. This includes estate planning and the drafting of a will.
- Homemaker or caretaker services. These are services which are not solely related to your care. These include, but are not limited to: sitter or companion services for either you or other family members; transportation; maintenance of the house.
- Respite care. This is care furnished during a period of time when your family or usual caretaker cannot attend to your needs.

Important Reminders

Refer to the *Schedule of Benefits* for details about any applicable **hospice care** maximums.

Other Covered Health Care Expenses (GR-9N S-11-080 01 NY)

Acupuncture

The plan covers charges made for acupuncture services provided by a **physician**, if the service is performed:

- As a form of anesthesia in connection with a covered surgical procedure; and
- To treat an illness, injury or to alleviate chronic pain.

Important Reminder

Refer to the *Schedule of Benefits* for details about any applicable acupuncture benefit maximum.

Ambulance Service (GR 9 NS 11-080 01 NY)

Covered expenses include the following:

Emergency Transportation

Covered expenses include charges made by an ambulance service, issued a certificate to operate under the New York Public Health Law, for **prehospital emergency medical services**. Payment under the Plan will be payment in full for the services provided. An ambulance service that is so reimbursed by the Plan will not seek any reimbursement from, or have any recourse against you, except for the collection of **copays, coinsurance or deductibles** for which you are responsible under the Plan.

“Prehospital emergency medical services” means the prompt evaluation and treatment of an emergency medical condition, and/or non-airborne transportation of a covered person from the place where he or she is injured or stricken by illness to the **hospital** where treatment is given. If the person utilizes non-airborne emergency transportation, reimbursement will be based on whether a prudent layperson, possessing an average knowledge of medicine and health, could reasonably expect the absence of such transportation to result in (1) placing the health of the covered person affected with such condition in serious jeopardy, or in the case of a behavioral condition placing the health of such person or others’ in serious jeopardy; (2) serious impairment to such covered person’s bodily functions; (3) serious dysfunction of any bodily organ or part of such covered person; or (4) serious disfigurement of such covered person.

Non-Emergency Transportation

Covered expenses include charges by a professional ambulance service for the necessary non-emergency transfer of a covered person via ground ambulance or a medical van.

Limitations

Not covered under this benefit are charges incurred to transport you:

- If an **ambulance** service is not required by your physical condition; or
- If the type of **ambulance** service provided is not required for your physical condition; or
- By any form of transportation other than a professional **ambulance** service.

Diagnostic and Preoperative Testing (GR-9N S-11-085 01 NY)

Outpatient Diagnostic Lab Work and Radiological Services

Covered expenses include charges for radiological services, lab services, and pathology and other tests provided to diagnose an **illness** or **injury**. You must have definite symptoms that start, maintain or change a plan of treatment prescribed by a **physician**. The charges must be made by a **physician, hospital** or licensed radiological facility or lab.

Important Reminder

Refer to the *Schedule of Benefits* for details about any **deductible, coinsurance** and maximum that may apply to outpatient diagnostic testing, and lab and radiological services.

Outpatient Preoperative Testing

Prior to a scheduled covered surgery, **covered expenses** include charges made for tests performed by a **hospital, surgery center, physician** or licensed diagnostic laboratory provided the charges for the surgery are **covered expenses** and:

- The test are related to your surgery, and the surgery takes place in a **hospital** or **surgery center**;
- Reservations for a bed or for an operating room were made prior to the tests:
 - The test are completed within 7 days before your surgery;
 - The test are performed on an outpatient basis;
 - The test would be covered if you were an inpatient in a **hospital**;
 - The test are not repeated in or by the **hospital** or **surgery center** where the surgery will be performed;
 - Test results appear in your medical record kept by the **hospital** or **surgery center** where the surgery is performed.

Important Reminder

- If your tests indicate that surgery should not be performed because of your physical condition, the plan will pay for the test, however surgery will **not** be covered.

Durable Medical and Surgical Equipment (DME) (GR 9 NS 11-090 01 NY)

Covered expenses include charges by a **DME** supplier for the rental of equipment or, in lieu of rental:

The initial purchase of **DME** if:

- Long term care is planned; and
- The equipment cannot be rented or is likely to cost less to purchase than to rent.

Repair of purchased equipment. Maintenance and repairs needed due to misuse or abuse are not covered.

Replacement of purchased equipment if:

- The replacement is needed because of a change in your physical condition; and
- It is likely to cost less to replace the item than to repair the existing item or rent a similar item.

The plan limits coverage to one item of equipment, for the same or similar purpose and the accessories needed to operate the item. You are responsible for the entire cost of any additional pieces of the same or similar equipment you purchase or rent for personal convenience or mobility.

Covered **DME** includes equipment, and the accessories needed to operate it, that is:

- Made to withstand prolonged use;
- Made for and mainly used in the treatment of an **illness** or **injury**;
- Suited for use in the home;
- Not normally of use to people who do not have an **illness** or **injury**;
- Not for use in altering air quality or temperature; and
- Not for exercise or training.

Durable medical and surgical equipment **does not** include equipment such as whirlpools, portable whirlpool pumps, sauna baths, massage devices, over bed tables, elevators, communication aids, vision aids and telephone alert systems.

Aetna reserves the right to limit the payment of charges up to the most cost efficient and least restrictive level of service or item which can be safely and effectively provided. The decision to rent or purchase is **Aetna's**.

Important Reminder

Refer to the *Schedule of Benefits* for details about **durable medical and surgical equipment deductible, coinsurance** and benefit maximums.

Experimental or Investigational Treatment

Covered expenses include charges made for **experimental or investigational** drugs, devices, treatments or procedures, provided **all** of the following conditions are met:

- You have been diagnosed with cancer or a condition likely to cause death within one year or less;
- Standard therapies have not been effective or are inappropriate;
- **Aetna** determines, based on at least two documents of medical and scientific evidence, that you would likely benefit from the treatment;

- There is an ongoing clinical trial. You are enrolled in a clinical trial that meets these criteria:
 - The drug, device, treatment or procedure to be investigated has been granted investigational new drug (IND) or Group c/treatment IND status;
 - The clinical trial has passed independent scientific scrutiny and has been approved by an Institutional Review Board that will oversee the investigation;
 - The clinical trial is sponsored by the National Cancer Institute (NCI) or similar national organization (such as the Food & Drug Administration or the Department of Defense) and conforms to the NCI standards;
 - The clinical trial is not a single institution or investigator study unless the clinical trial is performed at an NCI-designated cancer center; and
 - You are treated in accordance with protocol.

Pregnancy Related Expenses (GR 9 N S 11-100 01 NY)

Covered expenses include charges made by a **physician** for pregnancy and childbirth services and supplies at the same level as any **illness** or **injury**. This includes prenatal visits, delivery and postnatal visits.

For inpatient care of the mother and newborn child, **covered expenses** include charges made by a **Hospital** for a minimum of:

- 48 hours after a vaginal delivery; and
- 96 hours after a cesarean section.
- A shorter stay, if the attending **physician**, with the consent of the mother, discharges the mother or newborn earlier.

Covered expenses include parent education, assistance and training in breast or bottle feeding, and the performance of any necessary maternal and newborn clinical assessments.

If the mother is discharged earlier, the plan will pay for two post-delivery home visits by a health care provider. This will not be subject to any deductible or copay and will not count toward the maximum number of visits under the home health care benefit.

Covered expenses also include charges made by a **birthing center** as described under Alternatives to **Hospital** Care.

Note: **Covered expenses** also include services and supplies provided for circumcision of the newborn during the stay.

Prescription Drugs (GR-9N 11-110 01 NY)

Covered expenses include charges made for outpatient **prescription drugs** and insulin when prescribed in writing by a **physician** to treat an **illness** or **injury**. The plan covers both **generic** and **brand-name prescription drugs**.

Also covered will be charges for a prescription drug for the treatment of a certain type of cancer if the drug has been prescribed for treatment of a cancer for which it has not been approved by the federal Food and Drug Administration, but the drug is recognized for the treatment of the specific type of cancer in one of the standard reference compendia, or in medical literature.

Unless specified above, not covered under this benefit are charges for:

- any outpatient **prescription drug** covered or excluded from coverage under Aetna's **prescription drug** plan in accordance with the **prescription drug** coverage and exclusions sections of this Booklet-Certificate or any separately issued Booklet-Certificate.

Lifestyle/Performance Drugs

Coverage includes:

- Sildenafil Citrate, phenolamine, apomorphine and alprostadil in oral, and topical (which includes, but is not limited to gels, creams, ointments and patches) forms; or any other form, internally or externally, are covered; regardless of **medical necessity**. Coverage includes: any prescription drug in oral or topical form, that is in a similar or identical class; has a similar or identical mode of action; or exhibits similar, or identical outcomes.
- Coverage is limited to 6 pills, or other form; determined cumulatively among all forms for unit amounts; determined by **Aetna** to be similar in cost to: oral forms, per 30 day supply.

Prosthetic Devices (GR 9N S 11-110 01 NY)

Covered expenses include charges made for internal and external prosthetic devices and special appliances, if the device or appliance improves or restores body part function that has been lost or damaged by **illness, injury** or congenital defect. **Covered expenses** also include instruction and incidental supplies needed to use a covered prosthetic device.

The plan covers the first prosthesis you need that temporarily or permanently replaces all or part of a body part lost or impaired as a result of illness or injury or congenital defects as described in the list of covered devices below for an:

- Internal body part or organ; or
- External body part.

Covered expenses also include replacement of a prosthetic device if:

- The replacement is needed because of a change in your physical condition; or normal growth or wear and tear; or
- It is likely to cost less to buy a new one than to repair the existing one; or
- The existing one cannot be made serviceable.

The list of covered devices includes but is not limited to:

- An artificial arm, leg, hip, knee or eye;
- Eye lens;
- An external breast prosthesis and the first bra made solely for use with it after a mastectomy;
- A breast implant after a mastectomy;
- Ostomy supplies, urinary catheters and external urinary collection devices;
- Speech generating device;
- A cardiac pacemaker and pacemaker defibrillators; and
- A durable brace that is custom made and fitted for you.

The plan will not cover expenses and charges for, or expenses related to:

- Orthopedic shoes, therapeutic shoes, foot orthotics, or other devices to support the feet, unless required for the treatment of or to prevent complications of diabetes; or if the orthopedic shoe is an integral part of a covered leg brace; or
- Trusses, corsets, and other support.

Hearing Aids (GR-9N-26-005-01)

Covered hearing care expenses include charges for electronic hearing aids (monaural and binaural), installed in accordance with a **prescription** written during a covered hearing exam.

Benefits are payable up to the hearing supply maximum listed in the *Schedule of Benefits*.

All **covered expenses** are subject to the hearing expense exclusions in this *Booklet-Certificate* and are subject to **deductible(s), copayments or coinsurance** listed in the *Schedule of Benefits*, if any.

Benefits After Termination of Coverage

Expenses incurred for hearing aids within 30 days of termination of the person's coverage under this benefit section will be deemed to be covered hearing care expenses if during the 30 days before the date coverage ends:

- The **prescription** for the hearing aid was written; and
- The hearing aid was ordered.

Short-Term Rehabilitation Therapy Services (*GR 9N-11-120 01 NY*)

Covered expenses include charges for short-term therapy services when prescribed by a **physician** as described below up to the benefit maximums listed on the *Schedule of Benefits*. The services have to be performed by:

- A licensed or certified physical, occupational or speech therapist;
- A **hospital, skilled nursing facility, or hospice facility**;
- A **home health care agency**; or
- A **physician**.

Charges for the following short term rehabilitation expenses are covered:

Cardiac and Pulmonary Rehabilitation Benefits.

- Cardiac rehabilitation benefits are available as part of an inpatient **hospital stay**. A limited course of outpatient cardiac rehabilitation is covered when following angioplasty, cardiovascular surgery, congestive heart failure or myocardial infarction.
- Pulmonary rehabilitation benefits are available as part of an inpatient **hospital stay**. A limited course of outpatient pulmonary rehabilitation is covered for the treatment of reversible pulmonary disease states.

Outpatient Cognitive Therapy, Physical Therapy, Occupational Therapy and Speech Therapy Rehabilitation Benefits.

Coverage is subject to the limits, if any, shown on the *Schedule of Benefits*. Inpatient rehabilitation benefits for the services listed will be paid as part of your Inpatient **Hospital and Skilled Nursing Facility** benefits provision in this Booklet-Certificate:

- Physical therapy is covered for non-chronic conditions and acute **illnesses** and **injuries**, provided the therapy expects to significantly improve, develop or restore physical functions lost or impaired as a result of an acute **illness, injury** or surgical procedure. Physical therapy does not include educational training or services designed to develop physical function.
- Occupational therapy (except for vocational rehabilitation or employment counseling) is covered for non-chronic conditions and acute **illnesses** and **injuries**, provided the therapy expects to significantly improve, develop or restore physical functions lost or impaired as a result of an acute **illness, injury** or surgical procedure, or to relearn skills to significantly improve independence in the activities of daily living. Occupational therapy does not include educational training or services designed to develop physical function.

- Speech therapy is covered for non-chronic conditions and acute illnesses and injuries and expected to restore the speech function or correct a speech impairment resulting from **illness** or **injury**; or for delays in speech function development as a result of a gross anatomical defect present at birth. Speech function is the ability to express thoughts, speak words and form sentences. Speech impairment is difficulty with expressing one's thoughts with spoken words.
- Cognitive therapy associated with physical rehabilitation is covered when the cognitive deficits have been acquired as a result of neurologic impairment due to trauma, stroke, or encephalopathy, and when the therapy is part of a treatment plan intended to restore previous cognitive function.

A "visit" consists of no more than one hour of therapy. Refer to the *Schedule of Benefits* for the visit maximum that applies to the plan. **Covered expenses** include charges for two therapy visits of no more than one hour in a 24-hour period.

The therapy should follow a specific treatment plan that:

- Details the treatment, and specifies frequency and duration; and
- Provides for ongoing reviews and is renewed only if continued therapy is appropriate.
- Allows therapy services, provided in your home, if you are **homebound**.

Important Reminder

Refer to the *Schedule of Benefits* for details about the short term rehabilitation therapy maximum benefit.

Unless specifically covered above, *not* covered under this benefit are charges for:

- Therapies for the treatment of delays in development, unless resulting from acute illness or injury, or congenital defects amenable to surgical repair (such as cleft lip/ palate), are not covered.
- Any services which are **covered expenses** in whole or in part under any other group plan sponsored by an employer;
- Any services unless provided in accordance with a specific treatment plan;
- Services for the treatment of delays in speech development, unless resulting from: illness; **injury**; or congenital defect;
- Services provided during a **stay** in a **hospital, skilled nursing facility, or hospice facility except as stated above**;
- Services not performed by a **physician** or under the direct supervision of a **physician**;
- Treatment covered as part of the Spinal Manipulation Treatment. This applies whether or not benefits have been paid under that section;
- Services provided by a **physician** or physical, occupational or speech therapist who resides in your home; or who is a member of your family, or a member of your spouse's family; or your domestic partner;
- Special education to instruct a person whose speech has been lost or impaired, to function without that ability. This includes lessons in sign language.

Reconstructive or Cosmetic Surgery and Supplies (GR-9N 11-125 01 NY)

Covered expenses include charges made by a **physician, hospital, or surgery center** for reconstructive services and supplies, including:

- Surgery to correct the result of an accidental **injury** provided the surgery occurs no more than 24 months after the **injury**. For a covered child, surgery will be covered up to age 18 or up to 24 months after the **injury**, whichever period is longer. **Injuries** that occur during surgical procedures or medical treatments are not considered accidental injuries, even if unplanned or unexpected.
- Surgical implantation or attachment of covered prosthetic devices.
- Surgery to correct a gross anatomical defect present at birth. The surgery will be covered if the defect results in severe facial disfigurement or significant functional impairment of a body part; and the purpose of the surgery is to improve function.

Reconstructive surgery which is incidental to or follows surgery for trauma, infection or other diseases of the involved part, or necessary due to a congenital disease or anomaly of a covered dependent child which has resulted in a functional defect.

Reconstructive Breast Surgery

Covered expenses include (i) reconstruction of the breast on which a mastectomy was performed, including an implant and areolar reconstruction. (ii) surgery on the other breast to make it symmetrical with the reconstructed breast; and (iii) physical therapy to treat complications of mastectomy, including lymph edema, in as manner determined by you and your attending **physician**.

Transgender (Sex Change) Surgery

Covered expenses include charges in connection with a **medically necessary** Transgender (Sex Change) Surgery as long as you or a covered dependent have obtained **precertification** from **Aetna**; and have met the following conditions:

- You or your dependent is at least 18 years old; and
- You or your dependent have met criteria for the diagnosis of true transsexualism including:
 - A life-long sense of belonging to the opposite sex and of having been born into the wrong sex, often since childhood;
 - A sense of estrangement from one's own body; so that any evidence of one's own biological sex is regarded as repugnant;
 - A desire to make his or her body as congruent as possible with the preferred sex through surgery and hormone treatment;
 - A stable transsexual orientation evidenced by a desire to be rid of one's genitals; and to live in society as a member of the other sex for at least 2 years; (i.e. not limited to periods of stress);
 - There is no sexual arousal from cross-dressing;
 - There is an absence of physical inter-sex of genetic abnormality; and
 - This is not due to another biological, chromosomal or associated psychiatric disorder; such as schizophrenia.
- You or your dependent must have completed a recognized program of transgender identity treatment; as evidenced by all of the following:
 - Has successfully lived and worked within the desired gender role full-time for at least 12 months (so-called real-life experience); without periods of returning to the original gender;
 - Unless medically contraindicated, has received at least 12 months of continuous hormonal sex change therapy recommended by a **behavioral health provider**; and carried out by an endocrinologist (which can be simultaneous with the real-life experience);
 - A **behavioral health provider** who has been acquainted with you or your dependent for at least 18 months recommends sex change surgery documented in the form of a written comprehensive evaluation;
 - A second concurring recommendation by another qualified **behavioral health provider** must be documented in the form of a written expert opinion; as long as one of the two **behavioral health providers** possess a doctoral degree (e.g., Ph.D., Ed.D., D.Sc., D.S.W., Psy.D., or M.D.);
 - Psychotherapy is not an absolute requirement for surgery unless the **behavioral health provider's** initial assessment leads to a recommendation for psychotherapy that specifies the goals of treatment, estimates its frequency and duration throughout the real life experience (usually a minimum of 3 months);
 - For genital surgical sex change; you or your dependent has undergone a urological examination for the purpose of identifying and perhaps treating abnormalities of the genitourinary tract; since genital surgical sex change includes the invasion of, and the alteration of; the genitourinary tract (urological examination is not required for persons not undergoing genital change); and

- You or your dependent have demonstrated an understanding of the proposed male-to-female or female-to-male sex change surgery with its attendant costs, required lengths of hospitalization, likely complications, and post surgical rehabilitation requirements of the planned surgery.
- The covered person has obtained **precertification** from **Aetna**.

Covered expenses include:

- Charges made by a **physician** for:
 - Performing the surgical procedure; and
 - Pre-operative and post-operative **hospital**, office and home visits.
- Charges made by a **hospital** for inpatient and outpatient services (including outpatient surgery). **Room and board** charges in excess of the **hospital's semi-private** rate will not be covered; unless a private room is ordered by your **physician** and **precertification** has been obtained.
- Charges made by a **Skilled Nursing Facility** for inpatient services and supplies. **Room and board** charges in excess of the **hospital's semi-private** rate will not be covered.
- Charges made for the administration of anesthetics.
- Charges for outpatient diagnostic laboratory and x-rays.
- Charges for blood transfusion and the cost of unreplaced blood and blood products. Also included are the charges for collecting, processing and storage of self-donated blood after the surgery has been scheduled.

Important Reminders

No payment will be made for any **covered expenses** under this benefit unless they have been **precertified** by **Aetna**.

Refer to the *Schedule of Benefits* for details about **deductibles**, **coinsurance**, benefit maximums.

Specialized Care (GR-9N S-11-135 01 NY) (GR-9N 11-190-01)

Chemotherapy

Covered expenses include charges for chemotherapy treatment. Coverage levels depend on where treatment is received. In most cases, chemotherapy is covered as outpatient care. Inpatient **hospitalization** for chemotherapy is limited to the initial dose while **hospitalized** for the diagnosis of cancer and when a **hospital stay** is otherwise **medically necessary** based on your health status.

Radiation Therapy Benefits

Covered expenses include charges for the treatment of **illness** by x-ray, gamma ray, accelerated particles, mesons, neutrons, radium or radioactive isotopes.

Outpatient Infusion Therapy Benefits

Covered expenses include charges made on an outpatient basis for infusion therapy by:

- A free-standing facility;
- The outpatient department of a **hospital**; or
- A **physician** in his/her office or in your home.

Infusion therapy is the intravenous or continuous administration of medications or solutions that are a part of your course of treatment. Charges for the following outpatient Infusion Therapy services and supplies are **covered expenses**:

- The pharmaceutical when administered in connection with infusion therapy and any medical supplies, equipment and nursing services required to support the infusion therapy;
- Professional services;
- Total parenteral nutrition (TPN);
- Chemotherapy;
- Drug therapy (includes antibiotic and antivirals);
- Pain management (narcotics); and
- Hydration therapy (includes fluids, electrolytes and other additives).

Not included under this infusion therapy benefit are charges incurred for:

- Enteral nutrition;
- Blood transfusions

Coverage is subject to the maximums, if any, shown in the *Schedule of Benefits*.

Coverage for inpatient infusion therapy is provided under the *Inpatient Hospital* and *Skilled Nursing Facility Benefits* sections of this *Booklet-Certificate*.

Benefits payable for infusion therapy will not count toward any applicable **Home Health Care** maximums.

Important Reminder

Refer to the *Schedule of Benefits* for details on any applicable **deductible**, **coinsurance** and maximum benefit limits.

Services Provided by a Center for Eating Disorders

Covered expenses include charges made by a comprehensive care center for eating disorders to provide a coordinated, individualized plan of care for individuals with eating disorders, including all necessary non-institutional, institutional and practitioner services and treatments, from initial patient screening and evaluation to treatment, follow-up care and support.

Eating disorder includes, but is not limited to: conditions such as anorexia nervosa, bulimia and binge eating disorder, identified as such in the ICD-9-CM International Classification of Disease or the most current edition of the Diagnostic and Statistical Manual of Mental Disorders, or other medical and mental health diagnostic references generally accepted for standard use by the medical and mental health fields.

Diabetic Equipment, Supplies and Education (GR-9N 11-35 01 NY)

Covered expenses include charges for the following services, supplies, equipment and training for the treatment of diabetes:

Services

Diabetes self-management education given by a **physician** (or any other licensed health care provider), including information on proper diets. Coverage is limited to visits made upon diagnosis of diabetes, where a **physician** diagnoses a significant change in the patient's symptoms or condition which requires changes in the patient's self-management, or where reeducation or refresher education is necessary.

Supplies

- Insulin;
- Insulin pumps and accessories;
- Syringes;
- Injections aids for the visually impaired;
- Test strips for glucose monitoring and visual reading and urine testing strips
- Blood glucose monitors, including those for the visually impaired
- Lancets;
- Insulin infusion devices;
- Oral agents for controlling blood sugar;
- Cartridges for the visually impaired;
- Prescribed oral medications whose primary purpose is to influence blood sugar;
- Alcohol swabs;
- Injectable glucagons;
- Glucagon emergency kits;
- Self-management training provided by a licensed health care provider certified in diabetes self-management training; and
- Foot care to minimize the risk of infection.
- Any additional equipment and related supplies as may be medically necessary for the treatment of diabetes.

End of Life Care

Covered expenses include charges incurred by a covered person who has been diagnosed with advanced cancer (with no hope of reversal of primary disease and fewer than 60 days to live, as certified the patient's attending physician) for acute care services at an acute care facility specializing in the treatment of terminally ill patients. The person's attending **physician**, in consultation with the medical director of such facility, must determine that the patient's care would be appropriately provided by such facility. The facility must be licensed pursuant to New York State's public health law, or by the state in which it is located.

In the event Aetna disagrees with the admission of or provision or continuation of care of the covered person by the facility, and Aetna initiates an expedited external appeal, such admission of, provision of, or continuation of the care by the facility will not be denied, and Aetna continue to provide coverage until a decision is rendered. The decision will be binding on all parties.

Treatment of Infertility (GR-9N 11-135 01 NY)

Basic Infertility Services

The plan will include charges made by a **physician** to diagnose and treat a correctable medical condition where the medical condition results in **infertility**.

Comprehensive Infertility Services

The plan covers charges made for **hospital**, surgical and medical care which would correct malformation, disease or dysfunction resulting in **infertility**. The **infertility** must not be caused by voluntary sterilization of either one of the partners (with or without surgical reversal); or a hysterectomy.

Covered expenses will include, but are not limited to, the following services or supplies:

- Ovulation induction;
- Artificial insemination;
- Ultrasound;
- Post-coital test;
- Hysterosalpinogram;
- Laparoscopy;
- Sono-hysteroqram;
- Blood tests;
- Endometrial biopsy;
- Hysteroscopy;
- Semen analysis;
- Testis biopsy; and
- **Prescription** drugs.

Limitations

Not covered are charges for:

- Purchases of donor sperm and any charges for the storage of any sperm;
- The purchase of donor eggs and any charges associated with care of the donor required for donor egg retrieval, transfers or gestational carriers;
- Charges associated with cryopreservation, or storage of cryopreserved embryos, including but not limited to office visits, hospital charges, ultrasounds and lab tests;
- Reversal of elective sterilization;
- Sex change procedures;
- Cloning;
- Gestational carrier programs (surrogate parenting) for you or the gestational carrier;
- Prescription drugs used for the treatment of an excluded treatment or procedure, including injectable medications;
- Home ovulation prediction kits;
- In-vitro fertilization; gamete intrafallopian tube transfers; zygote intrafallopian tube transfers; and intracytoplasmic sperm injection;
- Frozen embryo transfers; including thawing;
- Procedures deemed experimental in accordance with the standards of the American Society for Reproductive Medicine;
- Services and supplies obtained without **precertification**.

Important Reminder

Refer to the *Schedule of Benefits* for details about the **copays, deductibles** and maximums that apply to these services.

Advanced Reproductive Technology (ART) Benefits

Covered expenses include charges for advanced reproductive technology for the treatment of infertility, if all of the following tests are met:

- A condition that is a demonstrated cause of infertility has been recognized by a gynecologist or infertility specialist.
- The procedures are not performed during an inpatient **stay** in a **hospital**, or any other facility.
- FSH levels are less than, or equal to, 19miU on day 3 of the menstrual cycle.

- The infertility is not caused by voluntary sterilization of either one of the partners (with or without surgical reversal), or a hysterectomy.
- A successful pregnancy cannot be attained through less costly treatment for which coverage is available under this Plan.

Covered expenses for ART include:

- In-vitro fertilization (IVF);
- Zygote intra-fallopian transfer (ZIFT);
- Gamete intra-fallopian transfer (GIFT);
- Cryopreserved embryo transfers;
- Intracytoplasmic sperm injection (ICSI); or ovum microsurgery;
- Care associated with a donor IVF program. This includes fertilization and culture;
- Charges for obtaining the sperm of a covered partner are covered if both the man and the woman are covered by the plan.

All ART infertility services must be:

- Precertified by Aetna's Infertility Care Management Unit.

Important Reminder

Refer to the *Summary of Coverage* for details about the **copays, deductibles** and maximums that apply to these services.

Limitations

Not covered are charges for:

- purchases of donor sperm and any charges for storage of any sperm;
- the purchase of donor eggs and any charges associated with the care of the donor required for donor egg retrievals, transfers or gestational carriers;
- charges associated with cryopreservation, or storage of cryopreserved embryos, including but not limited to, office visits, **hospital** charges, ultrasounds and lab tests;
- Reversal of elective sterilization;
- Charges for or related to artificial insemination;
- Gestational carrier programs (surrogate parenting) for you or the gestational carrier;
- Prescription drugs, including injectable infertility medications;
- Home ovulation prediction kits;
- Frozen embryo transfers, including thawing;
- Services and supplies obtained without the necessary referrals, or claims authorizations from the Infertility Unit or the Patient Management Unit.

Important Reminder

Refer to the *Schedule of Benefits* for details about the **copays, deductibles** and maximums that apply to these services.

Jaw Joint Disorder Treatment (GR 9N 11-150 01 NY)

When the condition is determined to be medical in nature the plan covers charges made by a **physician, hospital** or **surgery center** for the diagnosis or surgical and non surgical treatment (not involving cutting) of **jaw joint disorder**.

A **jaw joint disorder** is defined as a painful condition:

- Of the jaw joint itself, such as temporomandibular joint dysfunction (TMJ) syndrome; or
- Involving the relationship between the jaw joint and related muscles and nerves such as myofascial pain dysfunction (MPD).

Unless specified above, not covered under this benefit are charges for non-surgical treatment of a **jaw joint disorder**.

Enteral Formulas (GR-9N S- 11-085-NY)

Covered expenses include charges incurred for enteral formulas for home use and modified solid food products that are low in protein or which contain protein, which are prescribed by a **physician** for the treatment of certain diseases which include, but are not limited to:

- inherited diseases of amino acid or organic acid metabolism;
- Crohn's disease;
- gastroesophageal reflux with failure to thrive;
- disorders of gastrointestinal motility;
- multiple, severe food allergies.

Treatment of Alcoholism, Substance Abuse and Mental Disorders

Covered expenses include charges made for the treatment of alcoholism, **substance abuse** and **mental disorders** by **physicians** and **behavioral health providers**.

Treatment of Mental Disorders (GR-9N 11-170 01 NY)

Covered expenses include charges made for the treatment of other **mental disorders** by **behavioral health providers**. In addition to meeting all other conditions for coverage, the treatment must meet the following criteria:

- There is a written treatment plan prescribed and supervised by a **behavioral health provider**;
- The plan includes follow-up treatment; and
- The plan is for a condition that can favorably be changed.

Benefits are payable for charges incurred in a **hospital, psychiatric hospital, residential treatment facility** or **behavioral health provider's** office for the treatment of **mental disorders** as follows:

Inpatient Treatment

Covered expenses include charges for **room and board** at the **semi-private room rate**, and other services and supplies provided during your **stay** in a **hospital, psychiatric hospital** or **residential treatment facility**. Inpatient benefits are payable only if your condition requires services that are only available in an inpatient setting.

Outpatient Treatment

Covered expenses include charges for treatment received while not confined as a full-time inpatient in a **hospital, psychiatric hospital** or **residential treatment facility**.

The plan covers partial **hospitalization** services (more than 4 hours, but less than 24 hours per day) provided in a facility or program for the intermediate short-term or medically-directed intensive treatment. The partial **hospitalization** will only be covered if you would need inpatient care if you were not admitted to this type of facility.

Important Reminder:

Inpatient care must be **precertified** by **Aetna**. Refer to the *How the Plan Works* section for more information about **precertification**.

Alcoholism and Substance Abuse (GR 9N 11-175 01 NY)

Covered expenses include charges made for the treatment of alcoholism and **substance abuse** by physicians and **behavioral health providers**. In addition to meeting all other conditions for coverage, the treatment must meet the following criteria:

The *Schedule of Benefits* shows the benefits payable and applicable benefit maximums for the treatment of alcoholism and **substance abuse**.

Inpatient

The plan covers **room and board** at the **semi-private room rate** and other services and supplies provided during your **stay** in a **hospital** or **residential treatment facility**, appropriately licensed by the State Department of Health or its equivalent.

Coverage includes detoxification and rehabilitation services.

Outpatient Treatment

The plan covers outpatient treatment of alcoholism or **substance abuse**.

Partial Confinement Treatment

Covered expenses include charges made for **partial confinement treatment** provided in a facility or program for the intermediate short-term or medically-directed intensive treatment of alcoholism or **substance abuse**.

The **partial confinement treatment** will only be covered if you would need a **hospital stay** if you were not admitted to this type of facility.

One day of partial confinement will count as one outpatient visit for the treatment of alcohol or substance abuse.

Oral and Maxillofacial Treatment (Mouth, Jaws and Teeth) (GR-9N 11-180-01)

Covered expenses include charges made by a **physician**, a **dentist** and **hospital** for:

- Non-surgical treatment of infections or diseases of the mouth, jaw joints or supporting tissues.

Services and supplies for treatment of, or related conditions of, the teeth, mouth, jaws, jaw joints or supporting tissues, (this includes bones, muscles, and nerves), for surgery needed to:

- Treat a fracture, dislocation, or wound.
- Cut out cysts, tumors, or other diseased tissues.
- Cut into gums and tissues of the mouth. This is only covered when **not** done in connection with the removal, replacement or repair of teeth.
- Alter the jaw, jaw joints, or bite relationships by a cutting procedure when appliance therapy alone cannot result in functional improvement.

Hospital services and supplies received for a **stay** required because of your condition.

Dental work, surgery and **orthodontic treatment** needed to remove, repair, restore or reposition:

- (a) Natural teeth damaged, lost, or removed; or
- (b) Other body tissues of the mouth fractured or cut

due to **injury**.

Any such teeth must have been free from decay or in good repair, and are firmly attached to the jaw bone at the time of the **injury**.

The treatment must be completed in the Calendar Year of the **accident** or in the next Calendar Year.

If crowns, dentures, bridges, or in-mouth appliances are installed due to **injury**, **covered expenses** only include charges for:

- The first denture or fixed bridgework to replace lost teeth;
- The first crown needed to repair each damaged tooth; and
- An in-mouth appliance used in the first course of **orthodontic treatment** after the **injury**.

Medical Plan Exclusions (GR 9 N S 28-015 01 NY)

Not every medical service or supply is covered by the plan, even if prescribed, recommended, or approved by your **physician** or **dentist**. The plan covers only those services and supplies that are **medically necessary** and included in the *What the Plan Covers* section. Charges made for the following are not covered except to the extent listed under the *What The Plan Covers* section or by amendment attached to this Booklet-Certificate.

Important Note:

You have medical and prescription drug and dental insurance coverage. The exclusions listed below apply to all coverage under your plan. Additional exclusions apply to specific prescription drug and dental coverage. Those additional exclusions are listed separately under the *What The Plan Covers* section for each of these benefits.

- Cosmetic services and plastic surgery: any treatment, surgery (cosmetic or plastic), service or supply to alter, the shape or appearance of the body whether or not for psychological or emotional reasons, unless **medically necessary**. But this exclusion will not apply to (i) *Reconstructive Services and Specialized Care Services* under *What the Plan Covers* section; (ii) removal of bony impacted teeth, bone fractures, removal of tumors and odontogenic cysts; or covered dental services or supplies to treat congenital defects or anomalies (including cleft lip or cleft palate) of covered dependent children.

Custodial Care

Non-**medically necessary** services, including but not limited to, those treatments, services, **prescription drugs** and supplies which are not **medically necessary**, as determined by **Aetna**, for the diagnosis and treatment of **illness**, **injury**, restoration of physiological functions, or covered preventive services. This applies even if they are prescribed, recommended or approved by your **physician** or **dentist**.

Services that are not covered under this Booklet-Certificate.

Services and supplies provided in connection with treatment or care that is not covered under the plan.

Unauthorized services, including any service obtained by or on behalf of a covered person without Precertification by Aetna when required. This exclusion does not apply in a Medical Emergency or in an Urgent Care situation.

Your Pharmacy Benefit (GR-9N-S-12-005-02)

How the Pharmacy Plan Works

It is important that you have the information and useful resources to help you get the most out of your **Aetna prescription drug** plan. This Booklet-Certificate explains:

- Definitions you need to know;
- How to access **network pharmacies** and procedures you need to follow;
- What **prescription drug** expenses are covered and what limits may apply;
- What **prescription drug** expenses are not covered by the plan;
- How you share the cost of your covered **prescription drug** expenses; and
- Other important information such as eligibility, complaints and appeals, termination, and general administration of the plan.

A few important notes to consider before moving forward:

- Unless otherwise indicated, “you” refers to you and your covered dependents.
- Your **prescription drug** plan pays benefits only for **prescription drug** expenses described in this Booklet- Certificate as covered expenses that are **medically necessary**.
- This Booklet-Certificate applies to coverage only and does not restrict your ability to receive **prescription drugs** that are not or might not be covered benefits under this **prescription drug** plan.
- Store this Booklet-Certificate in a safe place for future reference.

(GR-9N 12-005 01 NY)

Notice

The plan does not cover all **prescription drugs**, medications and supplies. Refer to the Limitations section of this coverage and *Exclusions* section of your Booklet-Certificate.

- **Covered expenses** are subject to cost sharing requirements as described in the Cost Sharing sections of this coverage and in your Schedule of Benefits.

Getting Started: Common Terms (GR-9N 12-010 01NY)

You will find the terms below used throughout this Booklet-Certificate. They are described within the sections that follow, and you can also refer to the *Glossary* at the back of this document for helpful definitions. Words in bold print throughout the document are defined in the *Glossary*.

Brand-Named Prescription Drug is a **prescription drug** with a proprietary name assigned to it by the manufacturer and so indicated by Medispan or any other similar publication designated by **Aetna** or an affiliate.

Generic Prescription Drug is a **prescription drug**, whether identified by its chemical, proprietary, or non-proprietary name, that is accepted by the U.S. Food and Drug Administration as therapeutically equivalent and interchangeable with drugs having an identical amount of the same active ingredient and so indicated by Medispan or any other publication designated by **Aetna** or an affiliate.

Network pharmacy is a description of a **retail, mail order or specialty pharmacy** that has entered into a contractual agreement with **Aetna** for the provision of **covered services** to you and your covered dependents at a **negotiated charge**. The appropriate **pharmacy** type may also be substituted for the word **pharmacy**. (E.g. **network retail pharmacy, network mail order pharmacy or specialty pharmacy network**).

Non-Preferred Drug (Non-Formulary) is a **brand-named prescription drug** or **generic prescription drug** that does not appear on the **preferred drug guide**.

Out-of-network pharmacy is a description of a **pharmacy** that has not contracted with **Aetna** to reduce their fees and does not participate in the **Aetna** pharmacy network.

Preferred Drug (Formulary) is a **brand-named prescription drug** or **generic prescription drug** that appears on the **preferred drug guide**.

Preferred Drug Guide is a listing of **prescription drugs** established by **Aetna** or an affiliate, which includes both **brand-named prescription drugs** and **generic prescription drugs**. This list is subject to periodic review and modification by **Aetna** or an affiliate. A copy of the **preferred drug guide** will be available upon your request or may be accessed on the **Aetna** website at www.aetna.com/formulary.

Prescription Drug is a drug, biological, or compounded **prescription** which, by State or Federal Law, may be dispensed only by **prescription** and which is required by Federal Law to be labeled "Caution: Federal Law prohibits dispensing without prescription." This includes an injectable drug prescribed to be self-administered or administered by any other person except one who is acting within his or her capacity as a paid healthcare professional. Covered injectable drugs include insulin.

Provider is any recognized health care professional, pharmacy or facility providing services with the scope of their license.

Specialty Pharmacy Network. **Aetna's** network of participating pharmacies designated to fill **Self-injectable Drug** prescriptions.

Accessing Pharmacies and Benefits (GR-9N-S-12-015-01-NY)

This plan provides access to **covered benefits** through a network of pharmacies, vendors or suppliers. These **network pharmacies** have contracted with **Aetna** to provide **prescription drugs** and other supplies to you at a **negotiated charge**. You also have the choice to access state licensed **pharmacies** outside the **network** for **covered expenses**.

Obtaining your benefits through **network pharmacies** has many advantages. Your out-of-pocket costs may vary between **network** and **out-of-network benefits**. Benefits and cost sharing may also vary by the type of **network pharmacy** where you obtain your **prescription drug** and whether or not you purchase a brand-name or generic drug. **Network pharmacies** include retail, mail order and specialty pharmacies.

Read your *Schedule of Benefits* carefully to understand the cost sharing charges applicable to you

To better understand the choices that you have with your plan, please carefully review the following information.

Accessing Network Pharmacies and Benefits (GR-9N 12-015 02)

You may select a **network pharmacy** from the **Aetna** Network Pharmacy Directory or by logging on to **Aetna's** website at www.aetna.com. You can search **Aetna's** online directory, DocFind, for names and locations of **network pharmacies**. If you cannot locate a **network pharmacy** in your area call Member Services.

You must present your ID card to the **network pharmacy** every time you get a **prescription** filled to be eligible for **network benefits**. The **network pharmacy** will calculate your claim online. You will pay any deductible, copayment or coinsurance directly to the **network pharmacy**.

Aetna will pay the **network pharmacy** the **plan coinsurance** percentage for a **covered expense**, less any cost sharing required by you. You do not have to complete or submit claim forms. The **network pharmacy** will take care of claim submission.

Emergency Prescriptions (GR-9N-S-12-015-01-NY)

When you need a **prescription** filled in an emergency or urgent care situation, or when you are traveling, you can obtain network benefits by filling your **prescription** at any **network retail pharmacy**. The **network pharmacy** will fill your **prescription** and only charge you your plan's cost sharing amount. If you access an **out-of-network pharmacy** you will pay the full cost of the prescription and will need to file a claim for reimbursement, you will be reimbursed for your **covered expenses** up to the cost of the prescription less any applicable cost sharing required by you.

Availability of Providers

Aetna cannot guarantee the availability or continued network participation of a particular **pharmacy**. Either **Aetna** or any **network pharmacy** may terminate the provider contract.

Cost Sharing for Network Benefits

You share in the cost of your benefits. Cost Sharing amounts and provisions are described in the Schedule of Benefits.

- You will be responsible for the **copayment** for each **prescription** or refill as specified in the *Schedule of Benefits*. The **copayment** is payable directly to the **network pharmacy** at the time the **prescription** is dispensed.
- After you pay the applicable **copayment**, if any, you will be responsible for any applicable **coinsurance** for **covered expenses** that you incur. Your **coinsurance** is based on the **negotiated charge**. You will not have to pay any balance bills above the **negotiated charge** for the **covered expense**.

When You Use an Out-of-Network Pharmacy (GR-9N-S-12-020-01-NY) (GR-9N 13-005 01 NY)

You can directly access an **out-of-network pharmacy** to obtain covered outpatient **prescription drugs**. You will pay the **pharmacy** for your **prescription drugs** at the time of purchase and submit a claim form to receive reimbursement from the plan. You are responsible for completing and submitting claim forms for reimbursement of **covered expenses** you paid directly to an out-of-network **pharmacy**. **Aetna** will reimburse you for a **covered expense** up to the **recognized charge**, less any cost sharing required by you.

Cost Sharing for Out-of-Network Benefits (GR-9N-S-12-020-01-NY)

You share in the cost of your benefits. Cost Sharing amounts and provisions are described in the Schedule of Benefits.

- You will be responsible for any applicable **coinsurance** for **covered expenses** that you incur. Your **coinsurance** share is based on the **recognized charge**. If the **out-of-network pharmacy** charges more than the **recognized charge**, you will be responsible for any expenses above the **recognized charge**.

Pharmacy Benefit (GR-9N 13-005 01 NY)

What the Plan Covers

The plan covers charges for outpatient **prescription drugs** for the treatment of an **illness** or injury, subject to the Limitations section of this coverage and the Exclusions section of the Booklet-Certificate. Prescriptions must be written by a **prescriber** licensed to prescribe federal legend prescription drugs.

Generic prescription drugs may be substituted by your pharmacist for **brand-name prescription drugs**. You may minimize your out-of-pocket expenses by selecting a **generic prescription drug** when available.

Coverage of **prescription drugs** will be subject to **Aetna** requirements or limitations. **Prescription drugs** covered by this plan are subject to drug utilization review by **Aetna** and/or your **provider** and/or your **network pharmacy**.

Coverage for **prescription drugs** and supplies is limited to the supply limits as described below.

Retail Pharmacy Benefits

Outpatient **prescription drugs** are covered when dispensed by a **network retail pharmacy**. Each **prescription** is limited to a maximum 30 day supply when filled at a **network retail pharmacy**. **Prescriptions** for more than a 30 day supply are not eligible for coverage when dispensed by a **network retail pharmacy**.

All prescriptions and refills over a 30 day supply must be filled at a **mail order pharmacy**.

Mail Order Pharmacy Benefits

Outpatient **prescription drugs** are covered when dispensed by a **network mail order pharmacy**. Each **prescription** is limited to less than 90 day supply when filled at a **network mail order pharmacy**. **Prescriptions** for less than a 30 day supply or 90 day supply are not eligible for coverage when dispensed by a **network mail order pharmacy**.

You are required to obtain prescriptions at a **network mail order pharmacy** for all prescriptions and all **prescription drug** refills greater than a 30 day supply.

The plan will not cover outpatient **prescription drugs** received through an **out-of-network mail-order pharmacy**.

Self-Injectable Drugs — Specialty Pharmacy Network Benefits

Self-injectable drugs are covered at the network level of benefits only when dispensed through a **network retail pharmacy** or **Aetna's specialty pharmacy network**. Refer to the **preferred drug guide** for a list of **self-injectable drugs**. You may refer to **Aetna's** website, www.aetna.com to review the list anytime. The list may be updated from time to time.

Each **prescription** is limited to a maximum 30 day supply when filled at **Aetna's specialty pharmacy network**.

Other Covered Expenses (GR-9N 13-005 01 NY)

The following **prescription drugs**, medications and supplies are also **covered expenses** under this Coverage.

Off-Label Use (GR-9N 13-005 01 NY)

FDA approved **prescription drugs** may be covered when the off-label use of the drug has not been approved by the FDA for that indication. The drug must be recognized for treatment of the indication in one of the standard compendia (the United States Pharmacopoeia Drug Information, the American Medical Association Drug Evaluations, or the American Hospital Formulary Service Drug Information). Or, the safety and effectiveness of use for this indication has been adequately demonstrated by at least one study published in a nationally recognized peer review journal. Coverage of off label use of these drugs may be subject to **Aetna** requirements or limitations.

Diabetic Supplies (GR-9N 13-005 01 NY)

The following diabetic supplies upon prescription by a **physician**:

- Diabetic needles and syringes.
- Test strips for glucose monitoring and/or visual reading.
- Diabetic test agents.
- Lancets/lancing devices.
- Alcohol swabs.

Oral and Self-Injectable Infertility Drugs

The following **prescription drugs** used for the purpose of treating infertility including, but not limited to:

- Urofollitropin, menotropin, human chorionic gonadotropin and progesterone.

Pharmacy Benefit Limitations (GR-9N 13-015 01 NY)

A **network pharmacy** may refuse to fill a prescription order or refill when in the professional judgment of the pharmacist the prescription should not be filled.

The plan will not cover expenses for any **prescription drug** for which the actual charge to you is less than the required **copayment** or **deductible**, or for any **prescription drug** for which no charge is made to you.

You will be charged the **out-of-network prescription drug cost sharing** for **prescription drugs** recently approved by the FDA, but which have not yet been reviewed by the Aetna Health Pharmacy Management Department and Therapeutics Committee.

The number of **copayments/deductibles** you are responsible for per vial of Depo-Provera, an injectable contraceptive, or similar type contraceptive dispensed for more than a 90 day supply, will be based on the 90 day supply level. Coverage is limited to a maximum of 5 vials per Calendar Year.

Pharmacy Benefit Exclusions (GR-9N S-28-020-01 NY)

Not every health care service or supply is covered by the plan, even if prescribed, recommended, or approved by your **physician** or **dentist**. The plan covers only those services and supplies that are **medically necessary** and included in the *What the Plan Covers* section. Charges made for the following are not covered except to the extent listed under the *What the Plan Covers* section or by amendment attached to this Booklet-Certificate. In addition, some services are specifically limited or excluded. This section describes expenses that are not covered or subject to special limitations.

These **prescription drug** exclusions are in addition to the exclusions listed under your medical coverage.

The plan does not cover the following expenses:

- Administration or injection of any drug.
- Any charges in excess of the benefit, dollar, day, or supply limits stated in this Booklet-Certificate.

Any drugs or medications, services and supplies that are not **medically necessary**, as determined by **Aetna**, for the diagnosis, care or treatment of the **illness** or **injury** involved. This applies even if they are prescribed, recommended or approved by your **physician** or **dentist**.

Biological sera, blood, blood plasma, blood products or substitutes or any other blood products. Drugs which do not, by federal or state law, require a **prescription** order (i.e. over-the-counter (OTC) drugs), even if a **prescription** is written.

Drugs provided by, or while the person is an inpatient in, any healthcare facility; or for any drugs provided on an outpatient basis in any such institution to the extent benefits are payable for it.

Drugs used primarily for the treatment of infertility, or for or related to artificial insemination, in vitro fertilization, or embryo transfer procedures, except as described in the *What the Plan Covers* section.

Durable medical equipment, monitors and other equipment.

Experimental or investigational drugs or devices, except as described in the *What the Plan Covers* section.

This exclusion will not apply with respect to drugs that:

- Have been granted treatment investigational new drug (IND); or Group c/ treatment IND status; or
- Are being studied at the Phase III level in a national clinical trial sponsored by the National Cancer Institute; and
- **Aetna** determines, based on available scientific evidence, are effective or show promise of being effective for the illness.

Food items: Any food item, including infant formulas, nutritional supplements, vitamins, including **prescription** vitamins, medical foods and other nutritional items, even if it is the sole source of nutrition. This exclusion will not apply to expenses incurred for enteral formulas for home use and modified solid food products that are low in protein or which contain protein, which are prescribed by a **physician** for the treatment of certain diseases which include, but are not limited to: (a) inherited diseases of amino acid or organic acid metabolism; (b) Crohn's disease; (c) gastroesophageal reflux with failure to thrive; (d) disorders of gastrointestinal motility; (e) multiple, severe food allergies.

Genetics: Any treatment, device, drug, or supply to alter the body's genes, genetic make-up, or the expression of the body's genes except for the correction of congenital birth defects.

Immunization or immunological agents.

Implantable drugs and associated devices.

Injectables:

- Any charges for the administration or injection of **prescription drugs** or injectable insulin and other injectable drugs covered by **Aetna**;
- Injectable agents, except insulin;
- Needles and syringes, except for diabetic needles and syringes;
- Unless medically necessary, injectable drugs if an alternative oral drug is available.

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Prescription drugs for which there is an over-the-counter (OTC) product which has the same active ingredient and strength even if a **prescription** is written.

Prescription drugs, medications, injectables or supplies provided through a third party vendor contract with the policyholder.

Prescription orders filled prior to the effective date or after the termination date of coverage under this Booklet-Certificate.

Prophylactic drugs for travel.

Refills in excess of the amount specified by the **prescription** order. Before recognizing charges, **Aetna** may require a new **prescription** or evidence as to need, if a **prescription** or refill appears excessive under accepted medical practice standards.

Refills dispensed more than one year from the date the latest **prescription** order was written, or as otherwise permitted by applicable law of the jurisdiction in which the drug is dispensed.

Replacement of lost or stolen **prescriptions**.

Drugs, services and supplies provided in connection with treatment of an **occupational injury or occupational illness**.

Sex change: Any treatment, drug or supply related to changing sex or sexual characteristics, including hormones and hormone therapy.

Supplies, devices or equipment of any type, except as specifically provided in the *What the Plan Covers* section.

Test agents except diabetic test agents.

How Your Aetna Dental Plan Works
(GR-9N 16-005-01)

Common Terms

What the Plan Covers

Rules that Apply to the Plan

What the Plan Does Not Cover

Understanding Your Aetna Dental Plan

It is important that you have the information and useful resources to help you get the most out of your **Aetna** dental plan. This Booklet-Certificate explains:

- Definitions you need to know;
- How to access care, including procedures you need to follow;
- What services and supplies are covered and what limits may apply;
- What services and supplies are not covered by the plan;
- How you share the cost of your covered services and supplies; and
- Other important information such as eligibility, complaints and appeals, termination, continuation of coverage and general administration of the plan.

Important Notes:

Unless otherwise indicated, “you” refers to you and your covered dependents. You can refer to the Eligibility section for a complete definition of “you”.

This Booklet-Certificate applies to coverage only and does not restrict your ability to receive covered expenses that are not or might not be **covered expenses** under this dental plan.

Store this Booklet-Certificate in a safe place for future reference.

Getting Started: Common Terms (GR-9N 16-010-01)

Many terms throughout this Booklet-Certificate are defined in the *Glossary* Section at the back of this document. Defined terms appear in bolded print. Understanding these terms will also help you understand how your plan works and provide you with useful information regarding your coverage.

About the Comprehensive Dental Plan (GR-9N 16-030 01)

This dental plan covers a wide range of necessary dental services and supplies. You have the freedom to choose the **dental provider** of your choice.

The comprehensive dental plan begins to pay benefits after you satisfy a **deductible**.

You share the cost of covered services and supplies by paying a portion of certain expenses (your **coinsurance**).

If your **dentist** charges more than the **recognized charge**, you must also pay any expenses above the **recognized charge**.

You must file a claim to receive reimbursement from the plan.

Important Reminder

Refer to the *Schedule of Benefits* for details about any **deductibles, coinsurance** and maximums that apply.

Getting an Advance Claim Review (GR-9N 16-035-01)

The purpose of the advance claim review is to determine, in advance, the benefits the plan will pay for proposed services. Knowing ahead of time which services are covered by the plan, and the benefit amount payable, helps you and your **dentist** make informed decisions about the care you are considering.

Important Note

The pre-treatment review process is not a guarantee of benefit payment, but rather an estimate of the amount or scope of benefits to be paid.

When to Get an Advance Claim Review

An advance claim review is recommended whenever a course of dental treatment is likely to cost more than \$350. Ask your **dentist** to write down a full description of the treatment you need, using either an **Aetna** claim form or an ADA approved claim form. Then, before actually treating you, your **dentist** should send the form to **Aetna**. **Aetna** may request supporting x-rays and other diagnostic records. Once all of the information has been gathered, **Aetna** will review the proposed treatment plan and provide you and your **dentist** with a statement outlining the benefits payable by the plan. You and your **dentist** can then decide how to proceed.

The advance claim review is voluntary. It is a service that provides you with information that you and your **dentist** can consider when deciding on a course of treatment. It is not necessary for emergency treatment or routine care such as cleaning teeth or check-ups.

In determining the amount of benefits payable, **Aetna** will take into account alternate procedures, services, or courses of treatment for the dental condition in question in order to accomplish the anticipated result. (See *Benefits When Alternate Procedures Are Available* for more information on alternate dental procedures.)

What is a Course of Dental Treatment?

A course of dental treatment is a planned program of one or more services or supplies. The services or supplies are provided by one or more **dentists** to treat a dental condition that was diagnosed by the attending **dentist** as a result of an oral examination. A course of treatment starts on the date your **dentist** first renders a service to correct or treat the diagnosed dental condition.

What The Plan Covers (GR-9N 18-005-01)

Comprehensive Dental Plan

Schedule of Benefits for the Comprehensive Dental Plan

Comprehensive Dental is merely a name of the benefits in this section. The plan does not pay a benefit for all dental care expenses you incur.

Important Reminder

Your dental services and supplies must meet the following rules to be covered by the plan:

- The services and supplies must be **medically necessary**.
- The services and supplies must be covered by the plan.
- You must be covered by the plan when you incur the expense.

Covered expenses include charges made by a **dentist** for the services and supplies that are listed in the dental care schedule as shown in the *Schedule of Benefits*.

The next sentence applies if:

- A charge is made for an unlisted service given for the dental care of a specific condition; and
- The list includes one or more services that, under standard practices, are separately suitable for the dental care of that condition.

In that case, the charge will be considered to have been made for a service in the list that **Aetna** determines would have produced a professionally acceptable result.

Dental Care Schedule

The dental care schedule is a list of dental expenses that are covered by the plan. There are several categories of **covered expenses**:

- Preventive
- Diagnostic
- Restorative
- Oral surgery
- Endodontics
- Periodontics

These covered services and supplies are grouped as Type A, Type B or Type C.

Comprehensive Dental Expense Coverage Plan (GR-9N 18-006-01)

(GR-9N-19-006-01)

The following additional dental expenses will be considered **covered expenses** for you and your covered dependent if you have medical coverage insured or administered by **Aetna** and have at least one of the following conditions:

- Pregnancy;
- Coronary artery disease/cardiovascular disease;
- Cerebrovascular disease; or
- Diabetes

Additional Covered Dental Expenses

- One additional prophylaxis (cleaning) per year.
- Scaling and root planing, (4 or more teeth); per quadrant;
- Scaling and root planing (limited to 1-3 teeth); per quadrant;
- Full mouth debridement;
- Periodontal maintenance (one additional treatment per year); and
- Localized delivery of antimicrobial agents. (Not covered for pregnancy)

Payment of Benefits

The additional prophylaxis, the benefit will be payable the same as other prophylaxis under the plan.

The **plan coinsurance** applied to the other covered dental expenses above will be 100%. These additional benefits will not be subject to any frequency limits except as shown above or any Calendar Year maximum.

Aetna will reimburse the provider directly, or you may pay the provider directly and then submit a claim for reimbursement for **covered expenses**.

Important Reminder (GR-9N 18-010-01)

The **deductible, payment percentage** and maximums that apply to each type of dental care are shown in the *Schedule of Benefits*.

You may receive services and supplies from **network** and **out-of-network providers**. Services and supplies given by a **network provider** are covered at the **network** level of benefits shown in the *Schedule of Benefits*. Services and supplies given by an **out-of-network provider** are covered at the out-of-network level of benefits shown in the *Schedule of Benefits*.

Refer to *About the Comprehensive Dental Coverage* for more information about covered services and supplies.

Type A Expenses

Visits and X-Rays

Oral exams once every six months. This includes prophylaxis (limited to 2 treatments per year), scaling, and cleaning of teeth.

Topical application of sodium or stannous fluoride, (limited to children under age 19).

X-rays for diagnosis. Also other X-rays not to exceed one full mouth series in a 36 month period and one set of bitewings in a 6 month period.

Emergency palliative treatment.

First installation of a space maintainers to replace any baby tooth which is lost prematurely.

Type B Expenses

Oral Surgery

Extractions

Sealants, per tooth (limited to one application every 3 years for permanent molars and bicuspid only, and to children under age 14)

Fillings.

General anesthetics given in connection with covered dental services.

Treatment of diseased periodontal structures.

Endodontic treatment. This includes root canal therapy.)

Injection of antibiotic drugs.

Type C

Inlays, gold fillings, or crowns. This includes precision attachments for dentures.

First installation of fixed bridgework to replace one or more natural teeth extracted while the person is covered.

This includes inlays and crowns as abutments.

Replacement of an existing removable denture or fixed bridgework by new fixed bridgework, or the adding of teeth to existing fixed bridgework. But, the "Replacement Rule" below must be met.

Repair or recementing of crowns, inlays, bridgework, or dentures.

Relining of dentures.

First installation of removable dentures to replace one or more natural teeth extracted while the person is covered.

This includes adjustments for the 6 month period following the date they were installed.

Replacement of an existing removable denture or fixed bridgework by a new denture, or the adding of teeth to a partial removable denture. But, the "Replacement Rule" below must be met.

Surgical removal of impacted teeth.

(GR-9N 18-010-01)

Important Reminder

The **deductible, coinsurance** and maximums that apply to each type of dental care are shown in the *Schedule of Benefits*.

Rules and Limits That Apply to the Dental Plan (GR-9N-S-20-005-01-NY)

Several rules apply to the dental plan. Following these rules will help you use the plan to your advantage by avoiding expenses that are not covered by the plan.

Replacement Rule (GR-9N 20-010-01)

Crowns, inlays, onlays and veneers, complete dentures, removable partial dentures, fixed partial dentures (bridges) and other prosthetic services are subject to the plan's replacement rule. That means certain replacements of, or additions to, existing crowns, inlays, onlays, veneers, dentures or bridges are covered only when you give proof to **Aetna** that:

- While you were covered by the plan, you had a tooth (or teeth) extracted after the existing denture or bridge was installed. As a result, you need to replace or add teeth to your denture or bridge.
- The present crown, inlay and onlay, veneer, complete denture, removable partial denture, fixed partial denture (bridge), or other prosthetic service was installed at least 5 years before its replacement and cannot be made serviceable.
- You had a tooth (or teeth) extracted while you were covered by the plan. Your present denture is an immediate temporary one that replaces that tooth (or teeth). A permanent denture is needed, and the temporary denture cannot be used as a permanent denture. Replacement must occur within 12 months from the date that the temporary denture was installed.

Tooth Missing but Not Replaced Rule

The first installation of complete dentures, removable partial dentures, fixed partial dentures (bridges), and other prosthetic services will be covered if:

- The dentures, bridges or other prosthetic services are needed to replace one or more natural teeth that were removed while you were covered by the plan; and
- The tooth that was removed was not an abutment to a removable or fixed partial denture installed during the prior 5 years. The extraction of a third molar does not qualify. Any such appliance or fixed bridge must include the replacement of an extracted tooth or teeth.

Alternate Treatment Rule (GR-9N-20-015-01)

Sometimes there are several ways to treat a dental problem, all of which provide acceptable results. When alternate services or supplies can be used, the plan's coverage will be limited to the cost of the least expensive service or supply that is:

- Customarily used nationwide for treatment, and
- Deemed by the dental profession to be appropriate for treatment of the condition in question. The service or supply must meet broadly accepted standards of dental practice, taking into account your current oral condition.

You should review the differences in the cost of alternate treatment with your **dental provider**. Of course, you and your **dental provider** can still choose the more costly treatment method. You are responsible for any charges in excess of what the plan will cover.

Coverage for Dental Work Begun Before You Are Covered by the Plan (GR-9N 20-020-01)

The plan does not cover dental work that began before you were covered by the plan. This means that the following dental work is not covered:

- An appliance, or modification of an appliance, if an impression for it was made before you were covered by the plan;
- A crown, bridge, or cast or processed restoration, if a tooth was prepared for it before you were covered by the plan; or
- Root canal therapy, if the pulp chamber for it was opened before you were covered by the plan.

Coverage for Dental Work Completed After Termination of Coverage

Your dental coverage may end while you or your covered dependent is in the middle of treatment. The plan does not cover dental services that are given after your coverage terminates. There is an exception. The plan will cover the following services if they are ordered while you were covered by the plan, and installed within 30 days after your coverage ends.

- Inlays;
- Onlays;
- Crowns;
- Removable bridges;
- Cast or processed restorations;
- Dentures;
- Fixed partial dentures (bridges); and
- Root canals.

“Ordered” means:

- For a denture: the impressions from which the denture will be made were taken.
- For a root canal: the pulp chamber was opened.
- For any other item: the teeth which will serve as retainers or supports, or the teeth which are being restored:
 - Must have been fully prepared to receive the item; and
 - Impressions have been taken from which the item will be prepared.

Jaw Joint Disorder Treatment Rule (GR-9N 20-035-01)

Coverage for **Jaw Joint Disorder** treatment is covered as a Type C Service. This includes treatments which alter the jaw, jaw joints, or bite relationships. The following are covered:

- Diagnosis;
- Applicable therapy;
- Other non-surgical treatment.

Not included are charges incurred for:

What The Comprehensive Dental Plan Does Not Cover (GR 9 N S 28-025 01 NY)

Not every dental care service or supply is covered by the plan, even if prescribed, recommended, or approved by your **physician or dentist**. The plan covers only those services and supplies that are **medically necessary** and included in the *What the Plan Covers* section. Charges made for the following are not covered except to the extent listed under the *What the Plan Covers* section or by amendment attached to this Booklet-Certificate. In addition, some services are specifically limited or excluded. This section describes expenses that are not covered or subject to special limitations.

Any instruction for diet, plaque control and oral hygiene.

Cosmetic services and supplies including plastic surgery, reconstructive surgery, **cosmetic** surgery, personalization or characterization of dentures or other services and supplies which improve alter or enhance appearance, augmentation and vestibuloplasty, and other substances to protect, clean, whiten bleach or alter the appearance of teeth; whether or not for psychological or emotional reasons; except to the extent coverage is specifically provided in the *What the Plan Covers* section. Facings on molar crowns and pontics will always be considered **cosmetic**. But this exclusion will not apply to dental care or treatment due to accidental injury to sound natural teeth within 12 months of the accident, or to dental care or treatment necessary due to a congenital disease or anomaly.

Crown, inlays and onlays, and veneers unless:

- It is treatment for decay or traumatic **injury** and teeth cannot be restored with a filling material; or
- The tooth is an abutment to a covered partial denture or fixed bridge.

Dental implants, braces, mouth guards, and other devices to protect, replace or reposition teeth and removal of implants.

Dental services and supplies that are covered in whole or in part:

- Under any other part of this plan; or
- Under any other plan of group benefits provided by the policyholder.

Dentures, crowns, inlays, onlays, bridges, or other appliances or services used for the purpose of splinting, to alter vertical dimension, to restore occlusion, or correcting attrition, abrasion, or erosion.

Except as covered in the *What the Plan Covers* section, treatment of any **jaw joint disorder** and treatments to alter bite or the alignment or operation of the jaw, including temporomandibular joint disorder (TMJ) treatment, orthognathic surgery, and treatment of malocclusion or devices to alter bite or alignment.

First installation of a denture or fixed bridge, and any inlay and crown that serves as an abutment to replace congenitally missing teeth or to replace teeth all of which were lost while the person was not covered.

General anesthesia and intravenous sedation, unless specifically covered and only when done in connection with another necessary covered service or supply.

Orthodontic treatment except as covered in the *What the Plan Covers* section.

Pontics, crowns, cast or processed restorations made with high noble metals (gold or titanium).

Prescribed drugs; pre-medication; or analgesia.

Replacement of a device or appliance that is lost, missing or stolen, and for the replacement of appliances that have been damaged due to abuse, misuse or neglect and for an extra set of dentures.

Services and supplies done where there is no evidence of pathology, dysfunction, or disease other than covered preventive services.

Services and supplies provided for your personal comfort or convenience, or the convenience of any other person, including a provider.

Services and supplies provided in connection with treatment or care that is not covered under the plan.

Space maintainers except when needed to preserve space resulting from the premature loss of deciduous teeth.

Surgical removal of impacted wisdom teeth only for orthodontic reasons.

Treatment by other than a **dentist**. However, the plan will cover some services provided by a licensed dental hygienist under the supervision and guidance of a **dentist**. These are:

- Scaling of teeth; and
- Cleaning of teeth.

When Coverage Ends (GR-9N 30-005-HRPA-NY)

Coverage under your plan can end for a variety of reasons. In this section, you will find details on how and why coverage ends, and how you may still be able to continue coverage.

When Coverage Ends for Employees (GR-9N 30-005 01 NY)

Your coverage under the plan will end if:

- The plan is discontinued;
- You voluntarily stop your coverage;
- The group policy ends;
- You are no longer eligible for coverage;
- You do not make any required contributions;
- You become covered under another plan offered by your employer;
- You have exhausted your overall maximum lifetime benefit under your medical plan, if your plan contains such a maximum benefit; or
- Your employment stops. This will be either the date you stop active work, or the day before the first premium due date that occurs after you stop active work. However, if premium payments are made on your behalf, your coverage may continue until stopped by your employer as described below:
 - If you are not at work due to **illness or injury**, your coverage may continue, but not beyond the end of the next policy month after the policy month in which your absence started. A “policy month” is defined in the group policy on file with your employer.
 - If you are not at work due to temporary lay-off or leave of absence, your coverage will stop on your last full day of active work before the start of the lay-off or leave of absence.

It is your employer’s responsibility to let **Aetna** know when your employment ends. The limits above may be extended only if **Aetna** and your employer agree, in writing, to extend them.

Your Proof of Prior Medical Coverage (GR-9N 30-010-01)

Under the Health Insurance Portability and Accountability Act of 1996, your employer is required to give you a certificate of **creditable coverage** when your employment ends. This certificate proves that you were covered under this plan when you were employed. Ask your employer about the certificate of **creditable coverage**.

When Coverage Ends for Dependents

Coverage for your dependents will end if:

- You are no longer eligible for dependents’ coverage;
- You do not make the required contribution toward the cost of dependents’ coverage;
- Your own coverage ends for any of the reasons listed under *When Coverage Ends* for Employees (other than exhaustion of your overall maximum lifetime benefit, if included);
- Your dependent is no longer eligible for coverage. In this case, coverage ends at the end of the calendar month when your dependent no longer meets the plan’s definition of a dependent; or
- Your dependent becomes eligible for comparable benefits under this or any other group plan offered by your employer.

In addition, a “domestic partner” will no longer be considered to be a defined dependent on the earlier to occur of:

- The date this plan no longer allows coverage for domestic partners.
- The date of termination of the domestic partnership. In that event, you should provide your Employer with a completed and signed Declaration of Termination of Domestic Partnership.

Coverage for dependents may continue for a period after your death. Coverage for handicapped dependents may continue after your dependent reaches any limiting age. See *Continuation of Coverage* for more information.

Continuation of Coverage**Continuing Health Care Benefits (GR-9N 31-015 01-NY) (GR9N DEP30)****Continuation of Coverage**

If all or a portion of your health expense coverage would terminate because you terminate employment or membership in the eligible classes, coverage (other than Dental Expense Coverage) may be continued for you and your eligible dependents. Coverage will not be continued for any person who is eligible for a like continuation under federal law.

Within 60 days of the later of:

- The date coverage would otherwise terminate; and
- The date you are sent notice by first class mail by your employer of the right to continue;

You must elect the continuation in writing and pay the first contribution. The contribution required may be up to 102% of the cost to this plan. Premium payments must be continued.

Coverage will not be continued beyond the first to occur of:

- The end of an 18 month period which starts on the date coverage would otherwise terminate.
- The end of a 29 month period which starts on the date your coverage would otherwise terminate; but only if, prior to the end of the above 18 months period, you provide notice to your employer that you have been determined to be disabled under Title II or XVI of the Social Security Act on the date your coverage would have otherwise terminated, except for this continuation. If you are no longer determined to be so disabled, you must notify your employer within 30 days of such determination. In that case, coverage will cease at the start of the month that begins more than 31 days after the date of the final determination that you are no longer so disabled.
- The date you become eligible for like group coverage, including coverage for any preexisting condition.
- The end of the period for which any required contributions have been made.
- Discontinuance of the coverage involved as to employees of the eligible class of which you were a member.
- The date you become enrolled in benefits under Medicare.

Coverage for a dependent may not be continued beyond the date it would otherwise terminate.

If any coverage being continued ceases, you may apply for a conversion policy. See *Converting to an Individual Health Policy*.

Continuing Coverage for Dependents after Your Death

If you should die while enrolled in this plan, your dependent's health care coverage (except Dental Insurance), if applicable will continue as long as:

- You were covered at the time of your death,
- Your coverage, at the time of your death, is not being continued after your employment has ended, as provided in the *When Coverage Ends* section;
- A request is made for continued coverage within 31 days after your death; and
- Payment is made for the coverage.

Your dependent's coverage under this continuation provision will end when the first of the following occurs:

- The end of the 12 month period following your death;
- He or she no longer meets the plan's definition of dependent";
- Dependent coverage is discontinued under the group contract;

- He or she becomes eligible for comparable benefits under this or any other group plan; or
- Any required contributions stop; and
- For your spouse, the date he or she remarries.

If your dependent's coverage is being continued for your dependents, a child born after your death will also be covered.

Important Note

Your dependent may be eligible to convert to a personal policy. Please see the section, *Converting to an Individual Health Insurance Policy* for more information.

Also see the section *COBRA Continuation of Coverage*.

Handicapped Dependent Children (GR-9N 31-015 01-NY)

Health Expense Coverage for your fully handicapped dependent child may be continued past the maximum age for a dependent child. However, such coverage may not be continued if the child has been issued an individual medical conversion policy.

Your child is fully handicapped if:

- he or she is not able to earn his or her own living because of mental retardation or a physical handicap which started prior to the date he or she reaches the maximum age for dependent children under your plan; and
- he or she depends chiefly on you for support and maintenance.

Proof that your child is fully handicapped must be submitted to **Aetna** no later than 31 days after the date your child reaches the maximum age under your plan.

Coverage will cease on the first to occur of:

- Cessation of the handicap.
- Failure to give proof that the handicap continues.
- Failure to have any required exam.
- Termination of Dependent Coverage as to your child for any reason other than reaching the maximum age under your plan.

Aetna will have the right to require proof of the continuation of the handicap. **Aetna** also has the right to examine your child as often as needed while the handicap continues at its own expense. An exam will not be required more often than once each year after 2 years from the date your child reached the maximum age under your plan.

Extension of Benefits (GR-S-31-020 01)

Coverage for Health Benefits

If your health benefits end while you are totally disabled, your health expenses will be extended as described below. To find out why and when your coverage may end, please refer to *When Coverage Ends*.

“Totally disabled” means that because of an **injury** or **illness**:

- You are not able to work at your own occupation and you cannot work at any occupation for pay or profit.
- Your dependent is not able to engage in most normal activities of a healthy person of the same age and gender.

Extended Health Coverage (GR-S-31-020 01)

Medical Benefits (other than Basic medical benefits): Coverage will be available while you are totally disabled, for up to 12 months.

(GR-S-31-020 01)

Dental Benefits (other than Basic Dental benefits): Coverage will be available while you are totally disabled, for up to 12 months. Coverage will be available only if covered services and supplies have been rendered and received, including delivered and installed, prior to the end of that 12 month period.

Prescription Drug Benefits: Coverage will be available while you are totally disabled for up to 12 months.

When Extended Health Coverage Ends

Extension of benefits will end on the first to occur of the date:

- You are no longer totally disabled, or become covered under any other group plan with like benefits.
- Your dependent is no longer totally disabled, or he or she becomes covered under any other group plan with like benefits.

(This does not apply if coverage ceased because the benefit section ceased for your eligible class.)

Important Note

If the Extension of Benefits provision outlined in this section applies to you or your covered dependents, see the *Converting to an Individual Health Insurance Policy* section for important information.

COBRA Continuation of Coverage (GR-9N 31-025 NY)

If your employer is subject to COBRA requirements, the health plan continuation is governed by the Federal Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) requirements. With COBRA you and your dependents can continue health coverage, subject to certain conditions and your payment of premiums. Continuation rights are available following a "qualifying event" that would cause you or family members to otherwise lose coverage. Qualifying events are listed in this section.

Continuing Coverage through COBRA

When you or your covered dependents become eligible, your employer will provide you with detailed information on continuing your health coverage through COBRA.

You or your dependents will need to:

- Complete and submit an application for continued health coverage, which is an election notice of your intent to continue coverage.
- Submit your application within 60 days of the qualifying event, or within 60 days of your employer's notice of this COBRA continuation right, if later.
- Agree to pay the required premiums.

Who Qualifies for COBRA

You have 60 days from the qualifying event to elect COBRA. If you do not submit an application within 60 days, you will forfeit your COBRA continuation rights.

Below you will find the qualifying events and a summary of the maximum coverage periods according to COBRA requirements.

Qualifying Event Causing Loss of Health Coverage	Covered Persons Eligible to Elect Continuation	Maximum Continuation Periods
Your active employment ends for reasons other than gross misconduct	You and your dependents	18 months
Your working hours are reduced	You and your dependents	18 months
Your marriage is annulled, you divorce or legally separate and are no longer responsible for dependent coverage	Your dependents	36 months
You become entitled to benefits under Medicare	Your dependents	36 months
Your covered dependent children no longer qualify as dependents under the plan	Your dependent children	36 months
You die	Your dependents	36 months
You are a retiree eligible for health coverage and your former employer files for bankruptcy	You and your dependents	18 months

Disability May Increase Maximum Continuation to 29 Months

If You or Your Covered Dependents Are Disabled.

If you or your covered dependent qualify for disability status under Title II or XVI of the Social Security Act during the 18 month continuation period, you or your covered dependent:

- Have the right to extend coverage beyond the initial 18 month maximum continuation period.
- Qualify for an additional 11 month period, subject to the overall COBRA conditions.
- Must notify your employer within 60 days of the disability determination status and before the 18 month continuation period ends.
- Must notify the employer within 30 days after the date of any final determination that you or a covered dependent is no longer disabled.
- Are responsible to pay the premiums after the 18th month, through the 29th month.

If There Are Multiple Qualifying Events.

A covered dependent could qualify for an extension of the 18 or 29 month continuation period by meeting the requirements of another qualifying event, such as divorce or death. The total continuation period, however, can never exceed 36 months.

Determining Your Premium Payments for Continuation Coverage

Your premium payments are regulated by law, based on the following:

- For the 18 or 36 month periods, premiums may never exceed 102 percent of the plan costs.
- During the 18 through 29 month period, premiums for coverage during an extended disability period may never exceed 150 percent of the plan costs.

When You Acquire a Dependent During a Continuation Period

If through birth, adoption or marriage, you acquire a new dependent during the continuation period, your dependent can be added to the health plan for the remainder of the continuation period if:

- He or she meets the definition of an eligible dependent,
- Your employer is notified about your dependent within 31 days of eligibility, and
- Additional premiums for continuation are paid on a timely basis.

Important Note

For more information about dependent eligibility, see the *Eligibility, Enrollment and Effective Date* section.

When Your COBRA Continuation Coverage Ends

Your COBRA coverage will end when the first of the following events occurs:

- You or your covered dependents reach the maximum COBRA continuation period – the end of the 18, 29 or 36 months. (Coverage for a newly acquired dependent who has been added for the balance of a continuation period would end at the same time your continuation period ends, if he or she is not disabled nor eligible for an extended maximum).
- You or your covered dependents do not pay required premiums.
- You or your covered dependents become covered under another group plan that does not restrict coverage for pre-existing conditions. If your new plan limits pre-existing condition coverage, the continuation coverage under this plan may remain in effect until the pre-existing clause ceases to apply or the maximum continuation period is reached under this plan.
- The date your employer no longer offers a group health plan.
- The date you or a covered dependent becomes enrolled in benefits under Medicare. This does not apply if it is contrary to the Medicare Secondary Payer Rules or other federal law.
- You or your dependent dies.

Conversion from a Group to an Individual Plan

You may be eligible to apply for an individual health plan without providing proof of good health:

- At the termination of employment.
- When loss of coverage under the group plan occurs.
- When loss of dependent status occurs.
- At the end of the maximum health coverage continuation period.

The individual policy will not provide the same coverage as the former group plan offered by your employer. Certain benefits may not be available. You will be required to pay the associated premium costs for the coverage. For additional conversion information, contact your employer or call the toll-free number on your member ID card.

Converting to an Individual Medical Insurance Policy

Eligibility

You and your covered dependents may apply for an individual Medical insurance policy if you lose coverage under the group medical plan because:

- You terminate your employment;
- You are no longer in an eligible class;
- Your dependent no longer qualifies as an eligible dependent;
- Any continuation coverage required under federal or state law has ended; or
- You retire and there is no medical coverage available.

The individual conversion policy may cover:

- You only; or
- You and all dependents who are covered under the group plan at the time your coverage ended; or
- Your covered dependents, if you should die before you retire.

Features of the Conversion Policy

The individual policy and its terms will be the type:

- Required by law or regulation for group conversion purposes in your or your dependent's states of residence; and
- Offered by **Aetna** when you or your dependents apply under your employer's conversion plan.

However, coverage will not be the same as your group plan coverage. Generally, the coverage level may be less, and there is an applicable overall lifetime maximum benefit.

If the plan does not include major medical benefits, coverage may be elected under one of the following plans:

- Plan I: Hospital room and board expense benefits of \$130 per day. The maximum duration is 30 days. Miscellaneous hospital expense benefits to a maximum of \$1,300. Surgical operation expense benefits according to a \$1,400 maximum benefits schedule.
- Plan II: Hospital room and board expense benefits of \$230 per day. The maximum duration is 30 days. Miscellaneous hospital expense benefits to a maximum of \$2,300. Surgical operation expense benefits according to a \$2,400 maximum benefits schedule.
- Plan III: Hospital room and board expense benefits of \$330 per day. The maximum duration is 70 days. Miscellaneous hospital expense benefits to a maximum of \$3,300. Surgical operation expense benefits according to a \$3,500 maximum benefits schedule.

If the plan includes only major medical benefits, coverage may be elected under the following plan only:

- Plan IV: Major medical expense benefits providing: (a) a \$330 per day hospital room and board benefit; (b) surgical expense benefits according to a \$4,500 maximum benefits schedule; (c) a \$200,000 maximum benefit for all sicknesses and injuries; (d) a deductible of \$1,000; (e) an 80% benefit percentage, with a coinsurance limit of \$2,000; and (f) an annual restoration benefit of \$5,000.

The individual policy may also:

- Reduce its benefits by any like benefits payable under your group plan after coverage ends (for example: if benefits are paid after coverage ends because of a disability extension of benefits);
- Not guarantee renewal under selected conditions described in the policy;
- Require a statement that **Aetna** may ask for data about your coverage under any other plan. This may be asked for on any premium due date for the individual policy. If you do not give the data, expenses covered under the individual policy may be reduced by expenses which are covered or provided under those plans.

Limitations

You or your dependents do not have a right to convert if:

- You or your dependents are eligible for Medicare. Covered dependents not eligible for Medicare may apply for individual coverage even if you are eligible for Medicare.
- Coverage under the plan has been in effect for less than three months.

- A lifetime maximum benefit under this plan has been reached. For example:
 - If a covered dependent reaches the group plan's lifetime maximum benefit, the covered dependent will not have the right to convert. If you or your dependents have remaining benefits, you are eligible to convert.
 - If you have reached your lifetime maximum, you will not be able to convert. However, if a dependent has a remaining benefit, he or she is eligible to convert.
- You or your covered dependents become eligible for any other medical coverage under this plan.
- You apply for individual coverage in a jurisdiction where **Aetna** cannot issue or deliver an individual conversion policy.
- You or your covered dependents are eligible for, or have benefits available under, another plan that, in addition to the converted policy, would either match benefits or result in over insurance. Examples include:
 - Any other hospital or surgical expense insurance policy;
 - Any hospital service or medical expense indemnity corporation subscriber contract;
 - Any other group contract; or
 - Any statute, welfare plan or program.

Electing an Individual Conversion Policy

You or your covered dependents have to apply for the individual policy within 45 days after your coverage ends. The 45 days start on the date group coverage ceases. The application period will be extended for 45 days from the date your employer gives you written notice of the conversion privilege, as required by law, but not beyond 90 days from the date group coverage ceases.

If coverage ends because of retirement, the 45 day application period begins on the date coverage under the group plan actually ends. This applies even if you or your dependents are eligible for benefits based on a disability continuation provision because you or they are totally disabled.

To apply for an individual medical insurance policy:

- Get a copy of the "Notice of Conversion Privilege and Request" form from your employer.
- Complete and send the form to **Aetna** at the specified address.

Your Premiums and Payments

Your first premium payment will be due at the time you submit the conversion application to **Aetna**.

The amount of the premium will be **Aetna's** normal rate for the policy that is approved for issuance in your or your dependent's state of residence.

When an Individual Policy Becomes Effective

The individual policy will begin on the day after coverage ends under your group plan. Your policy will be issued once **Aetna** receives and processes your completed application and premium payment.

Coordination of Benefits — What Happens When There is More Than One Health Plan

(GR-9N 33-005-01-NY)

When Coordination of Benefits Applies

Getting Started — Important Terms

Which Plan Pays First

How Coordination of Benefits Works

When Coordination of Benefits Applies

This Coordination of Benefits (COB) provision applies to this plan when you or your covered dependent has health coverage under more than one plan. “Plan” and “This plan” are defined herein. The Order of Benefit Determination Rules below determines which plan will pay as the primary plan. The primary plan pays first without regard to the possibility that another plan may cover some expenses. A secondary plan pays after the primary plan and may reduce the benefits it pays so that payments from all group plans do not exceed 100% of the total allowable expense.

Which Plan Pays First (GR-9N 33-010 01 NY)

To find out whether the regular benefits under this plan will be reduced, the order in which the various plans will pay benefits must first be figured. This will be done as follows:

- A plan with no rules for coordination with other benefits will be deemed to pay its benefits before a plan which contains such rules.
- A plan which covers a person as other than a dependent will be deemed to pay its benefits before a plan which covers the person as a dependent.
 1. Except in the case of a dependent child whose parents are divorced or separated; the plan which covers the person as a dependent of a person whose birthday comes first in a calendar year will be primary to the plan which covers a person as a dependent of a person whose birthday comes later in the year; however:
 - (a) if both parents have the same birthday, the benefits of the plan which covered the parent longer are determined before those of the plan which covered the other parent for a shorter period of time;
 - (b) if the other plan does not have the rules described above, but instead has a rule based on the gender of the parent, and if, as a result, the plans do not agree on the order of benefit, the rule in the other plan will determine the order of benefits.
 2. In the case of a dependent child whose parents are divorces or separated:
 - (a) If there is a court decree which makes one parent financially responsible for the health care expenses with respect to the child and the entity obligated to pay or provide the benefits of that parent has actual knowledge of those terms, the benefits of that plan which covers the child as a dependent of such parent shall be determined before the benefits of any other plan which covers the child as a dependent child.
 - (b) If there is no such court decree, the order of benefits is:
 - The plan of the custodial parent;
 - The plan of the spouse of the **custodial parent**;
 - The plan of the **noncustodial parent**; and then
 3. Active Employee or Retired or Laid off Employee. The plan that covers a person as an employee who is neither laid off nor retired or as a dependent of an active employee, is the primary plan. The plan covering that same person as a retired or laid off employee or as a dependent of a retired or laid off employee is the

secondary plan. If the other plan does not have this rule, and if, as a result, the plans do not agree on the order of benefits, this rule is ignored. This rule will not apply if the Non-Dependent or Dependent rules above determine the order of benefits.

4. Longer or Shorter Length of Coverage. The plan that covered the person as an employee, member, subscriber longer is primary.
5. If the preceding rules do not determine the primary plan, the allowable expenses shall be shared equally between the plans meeting the definition of plan under this provision. In addition, This Plan will not pay more than it would have paid had it been primary.

How Coordination of Benefits Works

In determining the amount to be paid when this plan is secondary on a claim, the **secondary plan** will calculate the benefits that it would have paid on the claim in the absence of other health insurance coverage and apply that amount to any **allowable expense** under this plan that was unpaid by the **primary plan**. The amount will be reduced so that when combined with the amount paid by the **primary plan**, the total benefits paid or provided by all plans for the claim do not exceed 100% of the total **allowable expense**.

In addition, a **secondary plan** will credit to its plan deductible any amounts that would have been credited in the absence of other coverage.

Under the COB provision of **This Plan**, the amount normally reimbursed for covered benefits or expenses under **This Plan** is reduced to take into account payments made by other plans. The general rule is that the benefits otherwise payable under **This Plan** for all covered benefits or expenses will be reduced by all other plan benefits payable for those expenses. When the COB rules of **This Plan** and another plan both agree that **This Plan** determines its benefits before such other plan, the benefits of the other plan will be ignored in applying the general rule above to the claim involved. Such reduced amount will be charged against any applicable benefit limit of this coverage.

If a covered person is enrolled in two or more **closed panel plans** COB generally does not occur with respect to the use of panel providers. However, COB may occur if a person receives emergency services that would have been covered by both plans.

Right To Receive And Release Needed Information

Certain facts about health care coverage and services are needed to apply these COB rules and to determine benefits under this plan and other plans. **Aetna** has the right to release or obtain any information and make or recover any payments it considers necessary in order to administer this provision.

Facility of Payment

Any payment made under another plan may include an amount, which should have been paid under this plan. If so, **Aetna** may pay that amount to the organization, which made that payment. That amount will then be treated as though it were a benefit paid under this plan. **Aetna** will not have to pay that amount again. The term "payment made" means reasonable cash value of the benefits provided in the form of services.

Right of Recovery

If the amount of the payments made by **Aetna** is more than it should have paid under this COB provision, it may recover the excess from one or more of the persons it has paid or for whom it has paid; or any other person or organization that may be responsible for the benefits or services provided for the covered person. The "amount of the payments made" includes the reasonable cash value of any benefits provided in the form of services.

When You Have Medicare Coverage

(GR-9N 33-020-01)

Which Plan Pays First

How Coordination with Medicare Works

What is Not Covered

This section explains how the benefits under **This Plan** interact with benefits available under **Medicare**.

Medicare, when used in this Booklet-Certificate, means the health insurance provided by Title XVIII of the Social Security Act, as amended. It includes Health Maintenance Organization (HMO) or similar coverage that is an authorized alternative to Parts A and B of **Medicare**.

You are eligible for **Medicare** if you are:

- Covered under it by reason of age, disability, or
- End Stage Renal Disease; or
- Not covered under it because you:
 1. Refused it;
 2. Dropped it; or
 3. Failed to make a proper request for it.

If you are eligible for **Medicare**, the plan coordinates the benefits it pays with the benefits that **Medicare** pays. Sometimes, the **plan** is the primary payor, which means that the **plan** pays benefits before **Medicare** pays benefits. Under other circumstances, the **plan** is the secondary payor, and pays benefits after **Medicare**.

Which Plan Pays First

The plan is the primary payor when your coverage for the **plan's** benefits is based on current employment with your employer. The **plan** will act as the primary payor for the **Medicare** beneficiary who is eligible for **Medicare**:

- Solely due to age if the **plan** is subject to the Social Security Act requirements for **Medicare** with respect to working aged (i.e., generally a plan of an employer with 20 or more employees);
- Due to diagnosis of end stage renal disease, but only during the first 30 months of such eligibility for **Medicare** benefits. This provision does not apply if, at the start of eligibility, you were already eligible for **Medicare** benefits, and the **plan's** benefits were payable on a secondary basis;
- Solely due to any disability other than end stage renal disease; but only if the **plan** meets the definition of a large group health plan as outlined in the Internal Revenue Code (i.e., generally a plan of an employer with 100 or more employees).

The plan is the secondary payor in all other circumstances.

How Coordination With Medicare Works

When the Plan is Primary

The **plan** pays benefits first when it is the primary payor. You may then submit your claim to **Medicare** for consideration.

When Medicare is Primary

Your health care expense must be considered for payment by **Medicare** first. You may then submit the expense to **Aetna** for consideration.

Aetna will calculate the benefits the **plan** would pay in the absence of **Medicare**:

The amount will be reduced so that when combined with the amount paid by **Medicare**, the total benefits paid or provided by all plans for the claim do not exceed 100% of the total **allowable expense**.

This review is done on a claim-by-claim basis.

Charges used to satisfy your Part B deductible under **Medicare** will be applied under the **plan** in the order received by **Aetna**. **Aetna** will apply the largest charge first when two or more charges are received at the same time.

Aetna will apply any rule for coordinating health care benefits after determining the benefits payable.

Right to Receive and Release Required Information

Certain facts about health care coverage and services are required to apply coordination of benefits (COB) rules to determine benefits under **This Plan** and other **plans**. **Aetna** has the right to obtain or release any information, and make or recover any payments it considers necessary, in order to administer this provision.

General Provisions

(GR-9N-32-005-02-NY)

Type of Coverage

Coverage under the plan is **non-occupational**. Only **non-occupational** accidental **injuries** and **non-occupational illnesses** are covered. The plan covers charges made for services and supplies only while the person is covered under the plan.

Physical Examinations

Aetna will have the right and opportunity to examine and evaluate any person who is the basis of any claim at all reasonable times while a claim is pending or under review. This will be done at no cost to you.

Legal Action

No legal action can be brought to recover payment under any benefit after 3 years from the deadline for filing claims.

Aetna will not try to reduce or deny a benefit payment on the grounds that a condition existed before your coverage went into effect, if the loss occurs more than 2 years from the date coverage commenced. This will not apply to conditions excluded from coverage on the date of the loss.

Confidentiality

Information contained in your medical records and information received from any provider incident to the provider-patient relationship shall be kept confidential in accordance with applicable law. Information may be used or disclosed by **Aetna** when necessary for your care or treatment, the operation of the plan and administration of this Booklet-Certificate, or other activities, as permitted by applicable law. You can obtain a copy of **Aetna's** Notice of Information Practices by calling **Aetna's** toll-free Member Service telephone.

Additional Provisions

The following additional provisions apply to your coverage:

- This Booklet-Certificate applies to coverage only, and does not restrict your ability to receive health care services that are not, or might not be, covered.
- You cannot receive multiple coverage under the plan because you are connected with more than one employer.
- This document describes the main features of the plan. Additional provisions are described elsewhere in the *group policy*. *If you have any questions about the terms of the plan or about the proper payment of benefits, contact your employer or Aetna.*
- Your employer hopes to continue the plan indefinitely but, as with all group plans, the plan may be changed or discontinued with respect to your coverage.

Assignments (GR-9N-32-005-02-NY)

Coverage may be assigned only with the written consent of **Aetna**. To the extent allowed by law, **Aetna** will not accept an assignment to a provider or facility including but not limited to, an assignment of:

- The benefits due under this group insurance policy;
- The right to receive payments due under this group insurance policy; or
- Any claim you make for damages resulting from a breach or alleged breach, of the terms of this group insurance policy.

Misstatements

If any fact as to the Policyholder or you is found to have been misstated, a fair change in premiums may be made. If the misstatement affects the existence or amount of coverage, the true facts will be used in determining whether coverage is or remains in force and its amount.

All statements made by the Policyholder or you shall be deemed representations and not warranties. No written statement made by you shall be used by **Aetna** in a contest unless a copy of the statement is or has been furnished to you or your beneficiary, or the person making the claim.

Aetna's failure to implement or insist upon compliance with any provision of this policy at any given time or times, shall not constitute a waiver of **Aetna's** right to implement or insist upon compliance with that provision at any other time or times. This includes, but is not limited to, the payment of premiums. This applies whether or not the circumstances are the same.

Incontestability

As to Accident and Health Benefits:

Except as to a fraudulent misstatement, or issues concerning Premiums due:

- No statement made by the Policyholder or you or your dependent shall be the basis for voiding coverage or denying coverage or be used in defense of a claim unless it is in writing after it has been in force for 2 years from its effective date.
- No statement made by the Policyholder shall be the basis for voiding this Policy after it has been in force for 2 years from its effective date.
- No statement made by you, an eligible employee or your dependent shall be used in defense of a claim for loss incurred or starting after coverage as to which claim is made has been in effect for 2 years.

Recovery of Overpayments (GR-9N-S-30-015-01)

Health Coverage

If a benefit payment is made by **Aetna**, to or on your behalf, which exceeds the benefit amount that you are entitled to receive, **Aetna** has the right:

- To require the return of the overpayment; or
- To reduce by the amount of the overpayment, any future benefit payment made to or on behalf of that person or another person in his or her family.

Such right does not affect any other right of recovery **Aetna** may have with respect to such overpayment.

Reporting of Claims (GR-9N-S-30-015-01)

A claim must be submitted to **Aetna** in writing. It must give proof of the nature and extent of the loss. Your employer has claim forms.

All claims should be reported promptly. The deadline for filing a claim is 90 days after the date of the loss.

If, through no fault of your own, you are not able to meet the deadline for filing claim, your claim will still be accepted if you file as soon as possible.

Payment of Benefits (GR-9N 32-025 02-NY)

Benefits will be paid as soon as the necessary proof to support the claim is received, but not later than 45 days after receipt of such proof. Written proof must be provided for all benefits.

All covered health benefits are payable to you. However, **Aetna** has the right to pay any health benefits to the service provider. This will be done unless you have told **Aetna** otherwise by the time you file the claim.

Aetna will notify you in writing, at the time it receives a claim, when an assignment of benefits to a health care provider or facility will not be accepted.

Any unpaid balance will be paid within 30 days of receipt by **Aetna** of the due written proof.

Aetna may pay up to \$1,000 of any other benefit to any of your relatives whom it believes are fairly entitled to it. This can be done if the benefit is payable to you and you are a minor or not able to give a valid release. It can also be done if a benefit is payable to your estate.

Records of Expenses (GR-9N-32-030-02)

Keep complete records of the expenses of each person. They will be required when a claim is made.

Very important are:

- Names of **physicians, dentists** and others who furnish services.
- Dates expenses are incurred.
- Copies of all bills and receipts.

Contacting Aetna

If you have questions, comments or concerns about your benefits or coverage, or if you are required to submit information to **Aetna**, you may contact **Aetna**'s Home Office at:

Aetna Life Insurance Company
151 Farmington Avenue
Hartford, CT 06156

You may also use **Aetna**'s toll free Member Services phone number on your ID card or visit **Aetna**'s web site at www.aetna.com/docfind/custom/aahc.

Reinstatement after Your Dental Coverage Terminates

If your coverage ends because your contributions are not paid when due, you may not be covered again for a period of two years from the date your coverage ends. If you are in an eligible class, you may re-enroll yourself and your eligible dependents at the end of such two year period. Your dental coverage will be subject to the rules under the Late Enrollment section, and will be effective as described in the *Effective Date of Coverage* section.

Effect of Benefits Under Other Plans (GR-9N 32-035-01)

Effect of An Health Maintenance Organization Plan (HMO Plan) On Coverage

If you are in an eligible class and have chosen coverage under an HMO Plan offered by your employer, the following applies:

- If the HMO Plan provides medical coverage, you will be excluded from medical expense coverage (except Vision Care, if any,) on the date of your coverage under such HMO Plan.
- If the HMO Plan provides dental coverage, you will be excluded from dental expense coverage on the date of your coverage under such HMO Plan.

If you are in an eligible class and are covered under an HMO Plan, you can choose to change to coverage for yourself and your covered dependents under this plan. If you:

- Live in an HMO Plan enrollment area and choose to change coverage during an open enrollment period, coverage will take effect on the group policy anniversary date after the open enrollment period. There will be no rules for waiting periods or preexisting conditions.
- Live in an HMO Plan enrollment area and choose to change coverage when there is not an open enrollment period, coverage will take effect only if and when **Aetna** gives its written consent.
- Move from an HMO Plan enrollment area or if the HMO discontinues and you choose to change coverage within 31 days of the move or the discontinuance, coverage will take effect on the date you elect such coverage. There will be no restrictions for waiting periods or preexisting conditions. If you choose to change coverage after 31 days, coverage will take effect only if and when **Aetna** gives its written consent.

Any extensions of benefits under this plan for disability or pregnancy will not always apply on and after the date of a change to an HMO Plan providing medical coverage. They will apply only if the person is not covered at once under the HMO Plan because he or she is in a **hospital** not affiliated with the HMO. If you give evidence that the HMO Plan provides an extension of benefits for disability or pregnancy, coverage under this plan will be extended. The extension will be for the same length of time and for the same conditions as the HMO Plan provides. It will not be longer than the first to occur of:

- The end of a 90 day period; and
- The date the person is not confined.

Any extension of dental benefits under this plan will not apply on or after the date of a change to an HMO Plan.

No benefits will be paid for any charges for services rendered or supplies furnished under an HMO Plan.

Effect of Prior Coverage — Transferred Business (GR-9N-32-040-01-NY)

If your coverage under any part of this plan replaces any prior coverage for you, the rules below apply to that part.

“Prior coverage” is any plan of group coverage that has been replaced by coverage under part or all of this plan; it must have been sponsored by your employer (e.g., transferred business). The replacement can be complete or in part

for the eligible class to which you belong. Any such plan is prior coverage if provided by another group contract or any benefit section of this plan.

Coverage under any other section of this plan will be in exchange for all privileges and benefits provided under any like prior coverage. Any benefits provided under such prior coverage may reduce benefits payable under this plan.

Glossary *
(GR-9N 34-005 01-NY)

In this section, you will find definitions for the words and phrases that appear in **bold type** throughout the text of this Booklet-Certificate.

A (GR-9N 34-010 01-NY) (GR-9N 34-005 02)

Accident

This means a sudden; unexpected; and unforeseen; identifiable **occurrence** or event producing, at the time, objective symptoms of a bodily **injury**. The **accident** must occur while the person is covered under this Policy. The **occurrence** or event must be definite as to time and place. It must not be due to, or contributed by, an **illness** or disease of any kind.

Aetna

Aetna Life Insurance Company.

Ambulance

A vehicle that is staffed with medical personnel and equipped to transport an ill or injured person.

Average Wholesale Price (AWP)

The current **average wholesale price** of a **prescription drug** listed in the Facts and Comparisons weekly price updates (or any other similar publication designated by **Aetna**) on the day that a **pharmacy** claim is submitted for adjudication.

B (GR-9N 34-010 01-NY) (GR-9N 34-005 01-NY)

Behavioral Health Provider

A licensed facility, organization or **other health care** provider furnishing diagnostic and therapeutic services for treatment of alcoholism, drug abuse, **mental disorders** acting within the scope of the applicable license. This includes:

- **Hospitals;**
- Psychiatric **hospitals;**
- **Residential treatment facilities;**
- **Psychiatric physicians;**
- Psychologists;
- Social workers;
- Psychiatric nurses;
- Addictionologists; and
- Other alcoholism, drug abuse and mental health providers or groups, involved in the delivery of health care or ancillary services.

Birth Center

A freestanding facility that meets **all** of the following requirements:

- Meets licensing standards.
- Is set up, equipped and run to provide prenatal care, delivery and immediate postpartum care.
- Charges for its services.
- Is directed by at least one **physician** who is a **specialist** in obstetrics and gynecology.

- Has a **physician** or certified nurse midwife present at all births and during the immediate postpartum period.
- Extends staff privileges to **physicians** who practice obstetrics and gynecology in an area **hospital**.
- Has at least 2 beds or 2 birthing rooms for use by patients while in labor and during delivery.
- Provides, during labor, delivery and the immediate postpartum period, full-time **skilled nursing services** directed by an **R.N.** or certified nurse midwife.
- Provides, or arranges with a facility in the area for, diagnostic X-ray and lab services for the mother and child.
- Has the capacity to administer a local anesthetic and to perform minor surgery. This includes episiotomy and repair of perineal tear.
- Is equipped and has trained staff to handle **emergency medical conditions** and provide immediate support measures to sustain life if:
 - Complications arise during labor; or
 - A child is born with an abnormality which impairs function or threatens life.
- Accepts only patients with low-risk pregnancies.
- Has a written agreement with a **hospital** in the area for emergency transfer of a patient or a child. Written procedures for such a transfer must be displayed and the staff must be aware of them.
- Provides an ongoing quality assurance program. This includes reviews by **physicians** who do not own or direct the facility.
- Keeps a medical record on each patient and child.

Brand-Name Prescription Drug

A **prescription drug** with a proprietary name assigned to it by the manufacturer or distributor and so indicated by Medi-Span or any other similar publication designated by **Aetna** or an affiliate.

C (GR-9N 34-015 02)

Coinsurance

Coinsurance is both the percentage of **covered expenses** that the plan pays, and the percentage of **covered expenses** that you pay. The percentage that the plan pays is referred to as “plan **coinsurance**” or the “payment percentage”, and varies by the type of expense. Please refer to the *Schedule of Benefits* for specific information on **coinsurance** amounts.

Copay or Copayment

The specific dollar amount or percentage required to be paid by you or on your behalf. The plan includes various **copayments**, and these **copayment** amounts or percentages are specified in the *Schedule of Benefits*.

Cosmetic

Services or supplies that alter, improve or enhance appearance.

Covered Expenses

Medical, dental, vision or hearing services and supplies shown as covered under this Booklet.

Creditable Coverage

A person’s prior medical coverage as defined in the Health Insurance Portability and Accountability Act of 1996 (HIPAA).

Such coverage includes:

- Health coverage issued on a group or individual basis;
- Medicare;
- Medicaid;
- Health care for members of the uniformed services;
- A program of the Indian Health Service or tribal organization;

- A state health benefits risk pool;
- The Federal Employees' Health Benefit Plan (FEHBP);
- A public health plan (any plan established by a State, the government of the United States, or any subdivision of a State or of the government of the United States, or a foreign country);
- Any health benefit plan under Section 5(e) of the Peace Corps Act; and
- The State Children's Health Insurance Program (S-Chip).

Custodial Care

This means services and supplies that are primarily intended to help you meet personal needs, such as transferring, eating, dressing, bathing, toileting and such other related activities. This includes board and room and other institutional care. You do not have to be disabled. Such services and supplies are **custodial care** without regard to:

- by whom they are prescribed;
- by whom they are recommended; or
- by whom they are performed.

D (GR-9N 34-020 01) (GR-9N 34-095 01-NY)

Day Care Treatment

A **partial confinement treatment** program to provide treatment for you during the day. The **hospital, psychiatric hospital or residential treatment facility** does not make a room charge for **day care treatment**. Such treatment must be available for at least 4 hours, but not more than 12 hours in any 24-hour period.

Deductible

The part of your **covered expenses** you pay before the plan starts to pay benefits. Additional information regarding **deductibles** and **deductible** amounts can be found in the *Schedule of Benefits*.

Deductible Carryover

This allows you to apply any **covered expense** incurred during the last 3 months of a calendar year that is applied toward this year's **deductible** to also apply toward the following year's **deductible**.

Dental Provider

This is:

- Any **dentist**;
- Group;
- Organization;
- Dental facility; or
- Other institution or person.

legally qualified to furnish dental services or supplies.

Dental Emergency

Any dental condition that:

- Occurs unexpectedly;
- Requires immediate diagnosis and treatment in order to stabilize the condition; and
- Is characterized by symptoms such as severe pain and bleeding.

Dentist

A legally qualified **dentist**, or a **physician** licensed to do the dental work he or she performs.

Detoxification

The process by which an alcohol-intoxicated or drug-intoxicated; or an alcohol-dependent or drug-dependent person is medically managed through the period of time necessary to eliminate, by metabolic or other means, the:

- Intoxicating alcohol or drug;
- Alcohol or drug-dependent factors; or
- Alcohol in combination with drugs;

as determined by a **physician**. The process must keep the physiological risk to the patient at a minimum, and take place in a facility that meets any applicable licensing standards established by the jurisdiction in which it is located.

Directory

A listing of all **network providers** serving the class of employees to which you belong. The policyholder will give you a copy of this **directory**. **Network provider** information is available through **Aetna's** online provider **directory**, DocFind®. You can also call the Member Services phone number listed on your ID card to request a copy of this **directory**.

Durable Medical and Surgical Equipment (DME)

Equipment, and the accessories needed to operate it, that is:

- Made to withstand prolonged use;
- Made for and mainly used in the treatment of a **illness or injury**;
- Suited for use in the home;
- Not normally of use to people who do not have a **illness or injury**;
- Not for use in altering air quality or temperature; and
- Not for exercise or training.

Durable medical and surgical equipment does not include equipment such as whirlpools, portable whirlpool pumps, sauna baths, massage devices, over bed tables, elevators, communication aids, vision aids and telephone alert systems.

E (GR-9N 34-025 01 NY)

Effective Treatment of a Mental Disorder

This is a program that:

- Is prescribed; and supervised; by a **physician**; and
- Is for a **mental disorder** that can be favorably changed.

Emergency Medical Condition

A recent and severe medical or behavioral condition, the onset of which is sudden, manifests itself by symptoms of sufficient severity, including (but not limited to) severe pain, which would lead a prudent layperson possessing an average knowledge of medicine and health, to believe that his or her condition, **illness**, or **injury** is of such a nature that failure to get immediate medical care could result in:

- Placing your health in serious jeopardy; or
- In the case of a behavioral condition, placing the health of such person, or others', in serious jeopardy; or
- Serious impairment to bodily function; or
- Serious dysfunction of a body part or organ; or
- Serious disfigurement of such person; or
- In the case of a pregnant woman, serious jeopardy to the health of the fetus.

Experimental or Investigational

A drug, a device, a procedure, or treatment will be determined to be **experimental or investigational** if:

- There are insufficient outcomes data available from controlled clinical trials published in the peer-reviewed literature to substantiate its safety and effectiveness for the **illness or injury** involved; or
- Approval required by the FDA has not been granted for marketing; or
- A recognized national medical or dental society or regulatory agency has determined, in writing, that it is **experimental or investigational**, or for research purposes; or
- It is a type of drug, device or treatment that is the subject of a Phase I or Phase II clinical trial or the experimental or research arm of a Phase III clinical trial, using the definition of “phases” indicated in regulations and other official actions and publications of the FDA and Department of Health and Human Services; or
- The written protocol or protocols used by the treating facility, or the protocol or protocols of any other facility studying substantially the same drug, device, procedure, or treatment, or the written informed consent used by the treating facility or by another facility studying the same drug, device, procedure, or treatment states that it is **experimental or investigational**, or for research purposes.

G (GR-9N 34-035 01)

Generic Prescription Drug

A **prescription drug**, whether identified by its chemical, proprietary, or non-proprietary name, that is accepted by the U.S. Food and Drug Administration as therapeutically equivalent and interchangeable with drugs having an identical amount of the same active ingredient and so indicated by Medispan or any other publication designated by **Aetna** or an affiliate.

H (GR-9N 34-040 02)

Homebound

This means that you are confined to your place of residence:

- Due to an **illness or injury** which makes leaving the home medically contraindicated; or
- Because the act of transport would be a serious risk to your life or health.

Situations where you would not be considered **homebound** include (but are not limited to) the following:

- You do not often travel from home because of feebleness or insecurity brought on by advanced age (or otherwise); or
- You are wheelchair bound but could safely be transported via wheelchair accessible transportation.

Home Health Care Agency

An agency that meets all of the following requirements.

- Mainly provides skilled nursing and other therapeutic services.
- Is associated with a professional group (of at least one **physician** and one **R.N.**) which makes policy.
- Has full-time supervision by a **physician** or an **R.N.**
- Keeps complete medical records on each person.
- Has an administrator.
- Meets licensing standards.

Home Health Care Plan

This is a plan that provides for continued care and treatment of an **illness** or **injury**. The care and treatment must be:

- Prescribed in writing by the attending **physician**; and
- An alternative to a **hospital** or **skilled nursing facility stay**.

Hospice Care

This is care given to a **terminally ill** person by or under arrangements with a **hospice care agency**. The care must be part of a **hospice care program**.

Hospice Care Agency

An agency or organization that meets all of the following requirements:

- Has **hospice care** available 24 hours a day.
- Meets any licensing or certification standards established by the jurisdiction where it is located.
- Provides:
 - **Skilled nursing services**;
 - Medical social services; and
 - Psychological and dietary counseling.
- Provides, or arranges for, other services which include:
 - **Physician** services;
 - Physical and occupational therapy;
 - Part-time home health aide services which mainly consist of caring for **terminally ill** people; and
 - Inpatient care in a facility when needed for pain control and acute and chronic symptom management.
- Has at least the following personnel:
 - One **physician**;
 - One **R.N.**; and
 - One licensed or certified social worker employed by the agency.
- Establishes policies about how **hospice care** is provided.
- Assesses the patient's medical and social needs.
- Develops a **hospice care program** to meet those needs.
- Provides an ongoing quality assurance program. This includes reviews by **physicians**, other than those who own or direct the agency.
- Permits all area medical personnel to utilize its services for their patients.
- Keeps a medical record on each patient.
- Uses volunteers trained in providing services for non-medical needs.
- Has a full-time administrator.

Hospice Care Program

This is a written plan of **hospice care**, which:

- Is established by and reviewed from time to time by a **physician** attending the person, and appropriate personnel of a **hospice care agency**;
- Is designed to provide palliative and supportive care to **terminally ill** persons, and supportive care to their families; and
- Includes an assessment of the person's medical and social needs; and a description of the care to be given to meet those needs.

Hospice Facility

A facility, or distinct part of one, that meets all of the following requirements:

- Mainly provides inpatient **hospice care** to **terminally ill** persons.
- Charges patients for its services.
- Meets any licensing or certification standards established by the jurisdiction where it is located.
- Keeps a medical record on each patient.
- Provides an ongoing quality assurance program including reviews by **physicians** other than those who own or direct the facility.
- Is run by a staff of **physicians**. At least one staff **physician** must be on call at all times.
- Provides 24-hour-a-day nursing services under the direction of an **R.N.**
- Has a full-time administrator.

Hospital

This means a short-term, acute, general hospital which:

- Is primarily engaged in providing, by or under the continuous supervision of **physicians**, to inpatients, diagnostic services and therapeutic services for diagnostic, treatment and care of injured and sick persons;
- Has organized departments of medicine and major surgery;
- Has a requirement that every patient must be under the care of a **physician** or dentist;
- Provides 24 hour nursing service by or under the supervision of a registered professional nurse (R.N.);
- If located in New York State, has in effect a hospitalization review plan applicable to all patients which meets at least the standards set forth in Section 1861k of U.S. Public Law 89-97 (42 USCA 1395x(k));
- Is duly licensed by the agency responsible for licensing such hospitals;
- Makes charges; and
- Is not, other than incidentally, a place for rest, a place primarily for the treatment of tuberculosis, a place for the aged, a place for drug addicts, alcoholics, or a place for convalescent, custodial, educational or rehabilitative care.

Hospitalization

A continuous confinement as an inpatient in a **hospital** for which a **room and board** charge is made.

I (GR-9N 34-045 02)

Illness (GR-9N 34-045 02)

A pathological condition of the body that presents a group of clinical signs and symptoms and laboratory findings peculiar to it and that sets the condition apart as an abnormal entity differing from other normal or pathological body states.

Infertile or Infertility

The condition of a presumably healthy covered person who is unable to conceive or produce conception after:

- *For a woman who is 21 or more but less than 35 years of age: 1 year or more of timed, unprotected coitus, or 12 cycles of artificial insemination; or*
- *For a woman who is 35 years of age or older, but less than 45: 6 months or more of timed, unprotected coitus, or 6 cycles of artificial insemination.*

Injury

An accidental bodily **injury** that is the sole and direct result of:

- An unexpected or reasonably unforeseen occurrence or event; or
- The reasonable unforeseeable consequences of a voluntary act by the person.
- An act or event must be definite as to time and place.

J (GR-9N 34-050 01)

Jaw Joint Disorder (GR-9N 34-050 01)

This is:

- A Temporomandibular Joint (TMJ) dysfunction or any similar disorder of the jaw joint; or
- A Myofacial Pain Dysfunction (MPD); or
- Any similar disorder in the relationship between the jaw joint and the related muscles and nerves.

L (GR-9N 34-055 01)

Late Enrollee

This is an employee in an Eligible Class who requests enrollment under this Plan after the Initial Enrollment Period. In addition, this is an eligible dependent for whom the employee did not elect coverage within the Initial Enrollment Period, but for whom coverage is elected at a later time.

However, an eligible employee or dependent may not be considered a **Late Enrollee** under certain circumstances. See the *Special Enrollment Periods* section of the Booklet-Certificate.

Lifetime Maximum

This is the most the plan will pay for **covered expenses** incurred by any one covered person during their lifetime.

L.P.N.

A licensed practical or vocational nurse.

M (GR-9N S-34-065 02)

Mail Order Pharmacy

An establishment where **prescription drugs** are legally dispensed by mail or other carrier.

Maintenance Care

Care made up of services and supplies that:

- Are furnished mainly to maintain, rather than to improve, a level of physical, or mental function; and
- Provide a surrounding free from exposures that can worsen the person's physical or mental condition.

Medically Necessary or Medical Necessity

Health care or dental services, and supplies or **prescription drugs** that a **physician**, other health care provider or **dental provider**, exercising prudent clinical judgment, would provide to a patient for the purpose of preventing, evaluating, diagnosing or treating an **illness, injury**, disease or its symptoms, and that provision of the service, supply or **prescription drug** is:

- a) In accordance with generally accepted standards of medical or dental practice;
- b) Clinically appropriate, in terms of type, frequency, extent, site and duration, and considered effective for the patient's **illness, injury** or disease; and
- c) Not primarily for the convenience of the patient, **physician**, other health care or **dental provider**; and
- d) Not more costly than an alternative service or sequence of services at least as likely to produce equivalent therapeutic or diagnostic results as to the diagnosis or treatment of that patient's **illness, injury**, or disease.

For these purposes "generally accepted standards of medical or dental practice" means standards that are based on credible scientific evidence published in peer-reviewed literature generally recognized by the relevant medical or dental community, or otherwise consistent with **physician** or dental specialty society recommendations and the views of **physicians** or **dentists** practicing in relevant clinical areas and any other relevant factors.

Mental Disorder

An **illness** commonly understood to be a **mental disorder**, whether or not it has a physiological basis, and for which treatment is generally provided by or under the direction of a **behavioral health provider** such as a **psychiatric physician**, a psychologist or a psychiatric social worker. A **mental disorder** includes; but is not limited to:

- Alcoholism and substance abuse.
- Bipolar disorder.
- Major depressive disorder.
- Obsessive compulsive disorder.
- Panic disorder.
- Pervasive Mental Developmental Disorder (Autism).
- Psychotic depression.
- Schizophrenia.

For the purposes of benefits under this plan, **mental disorder** will include alcoholism and substance abuse only if any separate benefit for a particular type of treatment does not apply to alcoholism and substance abuse.

N (GR-9N 34-070 02)

Negotiated Charge

The maximum charge a **network provider** has agreed to make as to any service or supply for the purpose of the benefits under this plan. The **negotiated charge** does not include or reflect any amount **Aetna** or an affiliate may receive under a rebate arrangement between **Aetna** or an affiliate and a drug manufacturer for any **prescription drug**, including **prescription drugs** on the **preferred drug guide**.

Network Advanced Reproductive Technology (ART) Specialist

A specialist **physician** who has entered into a contractual agreement with **Aetna** for the provision of covered **Advanced Reproductive Technology (ART)** services.

Network Provider

A **pharmacy** who has contracted to furnish services or supplies for a **negotiated charge**; but only if the provider is, with **Aetna's** consent, included in the **directory** as a **network provider** for:

- The service or supply involved; and
- The class of employees to which you belong.

Night Care Treatment

A **partial confinement treatment** program provided when you need to be confined during the night. A room charge is made by the **hospital, psychiatric hospital** or **residential treatment facility**. Such treatment must be available at least:

- 8 hours in a row a night; and
- 5 nights a week.

Non-Occupational Illness

A **non-occupational illness** is an **illness** that does not:

- Arise out of (or in the course of) any work for pay or profit; or
- Result in any way from an **illness** that does.

An **illness** will be deemed to be non-occupational regardless of cause if proof is furnished that the person:

- Is covered under any type of workers' compensation law; and
- Is not covered for that **illness** under such law.

Non-Occupational Injury

A **non-occupational injury** is an accidental bodily **injury** that does not:

- Arise out of (or in the course of) any work for pay or profit; or
- Result in any way from an **injury** which does.

Non-Preferred Drug (Non-Formulary)

A **prescription drug** that is not listed in the **preferred drug guide**. This includes **prescription drugs** on the **preferred drug guide exclusions list** that are approved by medical exception.

Non-Specialist

A **physician** who is not a **specialist**.

Non-Urgent Admission

An inpatient admission that is not an **emergency admission** or an **urgent admission**.

O (GR-9N 34-065 01-NY) (GR-9N 34-075 01)

Occupational Injury or Occupational Illness

An **injury** or **illness** that:

- Arises out of (or in the course of) any activity in connection with employment or self-employment whether or not on a full time basis; or
- Results in any way from an **injury** or **illness** that does.

Occurrence

This means a period of disease or **injury**. An **occurrence** ends when 60 consecutive days have passed during which the covered person:

- Receives no medical treatment; services; or supplies; for a disease or **injury**; and
- Neither takes any medication, nor has any medication prescribed, for a disease or **injury**.

Orthodontic Treatment

This is any:

- Medical service or supply; or
- Dental service or supply;

furnished to prevent or to diagnose or to correct a misalignment:

- Of the teeth; or
- Of the bite; or
- Of the jaws or jaw joint relationship;

whether or not for the purpose of relieving pain.

The following are not considered **orthodontic treatment**:

- The installation of a space maintainer; or
- A surgical procedure to correct malocclusion.

Out-of-Network Provider

A health care provider, a **pharmacy** or **dental provider** who has not contracted with **Aetna** to furnish services or supplies at a **negotiated charge**.

P (*GR-9N 34-080 01-NY*) (*GR-9N 34-070-01*)

Partial Confinement Treatment

A plan of medical, psychiatric, nursing, counseling, or therapeutic services to treat alcoholism, substance abuse, or **mental disorders**. The plan must meet these tests:

- It is carried out in a **hospital; psychiatric hospital or residential treatment facility**; on less than a full-time inpatient basis.
- It is in accord with accepted medical practice for the condition of the person.
- It does not require full-time confinement.
- It is supervised by a **psychiatric physician** who weekly reviews and evaluates its effect.
- **Day care treatment** and **night care treatment** are considered **partial confinement treatment**.

Pharmacy

An establishment where **prescription drugs** are legally dispensed. **Pharmacy** includes a retail **pharmacy**, **mail order pharmacy** and **specialty pharmacy network pharmacy**.

Physician

A duly licensed member of a medical profession who:

- Has an M.D. or D.O. degree;
- Is properly licensed or certified to provide medical care under the laws of the jurisdiction where the individual practices; and
- Provides medical services which are within the scope of his or her license or certificate.

This also includes a health professional who:

- Is properly licensed or certified to provide medical care under the laws of the jurisdiction where he or she practices;
- Provides medical services which are within the scope of his or her license or certificate;
- Under applicable insurance law is considered a “physician” for purposes of this coverage;
- Has the medical training and clinical expertise suitable to treat your condition;
- Specializes in psychiatry, if your **illness** or **injury** is caused, to any extent, by alcohol abuse, substance abuse or a mental disorder; and
- A physician is not you or related to you.

Precertification or Precertify

A process where **Aetna** is contacted before certain services are provided, such as **hospitalization** or outpatient surgery, or **prescription drugs** are prescribed to determine whether the services being recommended or the drugs prescribed are considered **covered expenses** under the plan. It is not a guarantee that benefits will be payable.

Preferred Drug Guide

A listing of **prescription drugs** established by **Aetna** or an affiliate, which includes both **brand name prescription drugs** and **generic prescription drugs**. This list is subject to periodic review and modification by **Aetna** or an affiliate. A copy of the **preferred drug guide** will be available upon your request or may be accessed on the **Aetna** website at www.Aetna.com/formulary.

Preferred Drug Guide Exclusions List

A list of **prescription drugs** in the **preferred drug guide** that are identified as excluded under the plan. This list is subject to periodic review and modification by **Aetna**.

Prescriber

Any **physician** or **dentist**, acting within the scope of his or her license, who has the legal authority to write an order for a **prescription drug**.

Prescription

An order for the dispensing of a **prescription drug** by a **prescriber**. If it is an oral order, it must be promptly put in writing by the pharmacy.

Prescription Drug

A drug, biological, or compounded **prescription** which, by State and Federal Law, may be dispensed only by **prescription** and which is required to be labeled “Caution: Federal Law prohibits dispensing without prescription.” This includes:

- An injectable drug prescribed to be self-administered or administered by any other person except one who is acting within his or her capacity as a paid healthcare professional. Covered injectable drugs include injectable insulin.

Psychiatric Hospital

This is an institution that meets all of the following requirements.

- Mainly provides a program for the diagnosis, evaluation, and treatment of alcoholism, substance abuse or **mental disorders**.
- Is not mainly a school or a custodial, recreational or training institution.
- Provides infirmary-level medical services. Also, it provides, or arranges with a **hospital** in the area for, any other medical service that may be required.
- Is supervised full-time by a **psychiatric physician** who is responsible for patient care and is there regularly.
- Is staffed by **psychiatric physicians** involved in care and treatment.
- Has a **psychiatric physician** present during the whole treatment day.
- Provides, at all times, **psychiatric** social work and nursing services.
- Provides, at all times, **skilled nursing services** by licensed nurses who are supervised by a full-time **R.N.**
- Prepares and maintains a written plan of treatment for each patient based on medical, psychological and social needs. The plan must be supervised by a **psychiatric physician**.
- Makes charges.
- Meets licensing standards.

Psychiatric Physician

This is a **physician** who:

- Specializes in psychiatry; or
- Has the training or experience to do the required evaluation and treatment of alcoholism, substance abuse or **mental disorders**.

R (GR-9N 34-090 02)

Rehabilitation Facility

A facility, or a distinct part of a facility which provides **rehabilitative services**, meets any licensing or certification standards established by the jurisdiction where it is located, and makes charges for its services.

Rehabilitative Services

The combined and coordinated use of medical, social, educational and vocational measures for training or retraining if you are disabled by **illness or injury**.

Residential Treatment Facility (Alcoholism and Substance Abuse)

This is an institution that meets all of the following requirements:

- On-site licensed **Behavioral Health Provider** 24 hours per day/7 days a week.
- Provides a comprehensive patient assessment (preferably before admission, but at least upon admission).
- Is admitted by a **Physician**.
- Has access to necessary medical services 24 hours per day/7 days a week.
- If the member requires **detoxification** services, must have the availability of on-site medical treatment 24 hours per day/7 days a week, which must be actively supervised by an attending **Physician**.
- Provides living arrangements that foster community living and peer interaction that are consistent with developmental needs.
- Offers group therapy sessions with at least an RN or Masters-Level Health Professional.
- Has the ability to involve family/support systems in therapy (required for children and adolescents; encouraged for adults).
- Provides access to at least weekly sessions with a **Psychiatrist** or psychologist for individual psychotherapy.
- Has peer oriented activities.

- Services are managed by a licensed **Behavioral Health Provider** who, while not needing to be individually contracted, needs to (1) meet the **Aetna** credentialing criteria as an individual practitioner, and (2) function under the direction/supervision of a licensed psychiatrist (Medical Director).
- Has individualized active treatment plan directed toward the alleviation of the impairment that caused the admission.
- Provides a level of skilled intervention consistent with patient risk.
- Meets any and all applicable licensing standards established by the jurisdiction in which it is located.
- Is not a Wilderness Treatment Program or any such related or similar program, school and/or education service.
- Ability to assess and recognize withdrawal complications that threaten life or bodily functions and to obtain needed services either on site or externally.
- 24-hours per day/7 days a week supervision by a **physician** with evidence of close and frequent observation.
- On-site, licensed **Behavioral Health Provider**, medical or **substance abuse** professionals 24 hours per day/7 days a week.

Residential Treatment Facility (Mental Disorders)

This is an institution that meets all of the following requirements:

- Has, on-site licensed **Behavioral Health Provider** 24 hours per day.
- Provides a comprehensive patient assessment.
- Provides living arrangements that foster community living and peer interaction that are consistent with developmental needs.
- Offers group therapy sessions.
- Has the ability to involve family/support systems in therapy.
- Provides access to at least weekly sessions with a **Psychiatrist** or psychologist for individual psychotherapy.
- Has peer oriented activities.
- Is managed by a licensed **Behavioral Health Provider** who functions under the direction and supervision of a **psychiatric physician**.
- Has individualized active treatment plan directed toward the alleviation of the impairment that caused the admission.
- Provides a level of skilled intervention consistent with patient risk.
- Provides active discharge planning initiated upon admission to the program.
- Meets any and all applicable licensing standards established by the jurisdiction in which it is located.

R.N.

A registered nurse.

Room and Board

Charges made by an institution for **room and board** and other **medically necessary** services and supplies. The charges must be regularly made at a daily or weekly rate.

S (GR-9N 34-095 02) (GR-9N 34-090 01-NY)

Self-injectable Drug(s)

Prescription drugs that are intended to be self-administered by injection to a specific part of the body to treat medical conditions.

Semi-Private Room Rate

The **room and board** charge that an institution applies to the most beds in its semi-private rooms with 2 or more beds. If there are no such rooms, **Aetna** will figure the rate based on the rate most commonly charged by similar institutions in the same geographic area.

Skilled Nursing Services

Services that meet all of the following requirements:

- The services require medical or paramedical training.
- The services are rendered by an **R.N.** or **L.P.N.** within the scope of his or her license.
- The services are not custodial.

Specialist

A **physician** who practices in any generally accepted medical or surgical sub-specialty.

Specialist Dentist

Any **dentist** who, by virtue of advanced training is board eligible or certified by a Specialty Board as being qualified to practice in a special field of dentistry.

Specialty Care

Health care services or supplies that require the services of a **specialist**.

Specialty Pharmacy Network

A network of pharmacies designated to fill **self-injectable drug prescriptions**.

Stay

A full-time inpatient confinement for which a **room and board** charge is made.

Step Therapy

Procedures under which certain **prescription drugs** will be excluded from coverage, unless a first-line therapy drug(s) is used first by you. The list of step-therapy drugs is subject to change by **Aetna** or an affiliate. An updated copy of the list of drugs subject to **step therapy** shall be available upon request by you or may be accessed on the **Aetna** website at www.Aetna.com/formulary.

Substance Abuse

This is a physical or psychological dependency, or both, on a controlled substance or alcohol agent (These are defined on Axis I in the Diagnostic and Statistical Manual of **Mental Disorders** (DSM) published by the American Psychiatric Association which is current as of the date services are rendered to you or your covered dependents.) This term does not include conditions not attributable to a **mental disorder** that are a focus of attention or treatment (the V codes on Axis I of DSM); an addiction to nicotine products, food or caffeine intoxication.

Surgery Center

A freestanding ambulatory surgical facility that meets all of the following requirements:

- Meets licensing standards.
- Is set up, equipped and run to provide general surgery.
- Charges for its services.
- Is directed by a staff of **physicians**. At least one of them must be on the premises when surgery is performed and during the recovery period.
- Has at least one certified anesthesiologist at the site when surgery requiring general or spinal anesthesia is performed and during the recovery period.
- Extends surgical staff privileges to:
 - **Physicians** who practice surgery in an area **hospital**; and
 - **Dentists** who perform oral surgery.
- Has at least 2 operating rooms and one recovery room.
- Provides, or arranges with a medical facility in the area for, diagnostic x-ray and lab services needed in connection with surgery.

- Does not have a place for patients to **stay** overnight.
- Provides, in the operating and recovery rooms, full-time **skilled nursing services** directed by an **R.N.**
- Is equipped and has trained staff to handle **emergency medical conditions**.

Must have all of the following:

- A **physician** trained in cardiopulmonary resuscitation; and
- A defibrillator; and
- A tracheotomy set; and
- A blood volume expander.
- Has a written agreement with a **hospital** in the area for immediate emergency transfer of patients.
- Written procedures for such a transfer must be displayed and the staff must be aware of them.
- **Physicians** who do not own or direct the facility.
- Keeps a medical record on each patient.

T (*GR-9N 34-095 01-NY*) (*GR-9N 34-100 02*)

Terminally Ill (Hospice Care)

Terminally ill means a medical prognosis of 6 months or less to live.

Therapeutic Drug Class

A group of drugs or medications that have a similar or identical mode of action or exhibit similar or identical outcomes for the treatment of a disease or **injury**.

U (*GR-9N-S-34-105-01*)

Urgent Admission

A **hospital** admission by a **physician** due to:

- The onset of or change in a **illness**; or
- The diagnosis of a **illness**; or
- An **injury**.
- The condition, while not needing an **emergency admission**, is severe enough to require confinement as an inpatient in a **hospital** within 2 weeks from the date the need for the confinement becomes apparent.

Urgent Care Provider

This is:

- A freestanding medical facility that meets all of the following requirements.
 - Provides unscheduled medical services to treat an **urgent condition** if the person's **physician** is not reasonably available.
 - Routinely provides ongoing unscheduled medical services for more than 8 consecutive hours.
 - Makes charges.
 - Is licensed and certified as required by any state or federal law or regulation.
 - Keeps a medical record on each patient.
 - Provides an ongoing quality assurance program. This includes reviews by **physicians** other than those who own or direct the facility.
 - Is run by a staff of **physicians**. At least one **physician** must be on call at all times.
 - Has a full-time administrator who is a licensed **physician**.

- A **physician's** office, but only one that:
 - Has contracted with **Aetna** to provide urgent care; and
 - Is, with **Aetna's** consent, included in the **directory** as a network **urgent care provider**.
- It is not the emergency room or outpatient department of a **hospital**.

Urgent Condition

This means a sudden **illness; injury**; or condition; that:

- Is severe enough to require prompt medical attention to avoid serious deterioration of your health;
- Includes a condition which would subject you to severe pain that could not be adequately managed without urgent care or treatment;
- Does not require the level of care provided in the emergency room of a hospital; and
- Requires immediate outpatient medical care that cannot be postponed until your physician becomes reasonably available.

Confidentiality Notice

Aetna considers personal information to be confidential and has policies and procedures in place to protect it against unlawful use and disclosure. By “personal information,” we mean information that relates to a member’s physical or mental health or condition, the provision of health care to the member, or payment for the provision of health care or disability or life benefits to the member. Personal information does not include publicly available information or information that is available or reported in a summarized or aggregate fashion but does not identify the member

When necessary or appropriate for your care or treatment, the operation of our health, disability or life insurance plans, or other related activities, we use personal information internally, share it with our affiliates, and disclose it to health care providers (doctors, dentists, pharmacies, hospitals and other caregivers), payors (health care provider organizations, employers who sponsor self-funded health plans or who share responsibility for the payment of benefits, and others who may be financially responsible for payment for the services or benefits you receive under your plan), other insurers, third party administrators, vendors, consultants, government authorities, and their respective agents. These parties are required to keep personal information confidential as provided by applicable law. In our health plans, participating network providers are also required to give you access to your medical records within a reasonable amount of time after you make a request.

Some of the ways in which personal information is used include claim payment; utilization review and management; medical necessity reviews; coordination of care and benefits; preventive health, early detection, vocational rehabilitation and disease and case management; quality assessment and improvement activities; auditing and anti-fraud activities; performance measurement and outcomes assessment; health, disability and life claims analysis and reporting; health services, disability and life research; data and information systems management; compliance with legal and regulatory requirements; formulary management; litigation proceedings; transfer of policies or contracts to and from other insurers, HMOs and third party administrators; underwriting activities; and due diligence activities in connection with the purchase or sale of some or all of our business. We consider these activities key for the operation of our health, disability and life plans. To the extent permitted by law, we use and disclose personal information as provided above without member consent. However, we recognize that many members do not want to receive unsolicited marketing materials unrelated to their health, disability and life benefits. We do not disclose personal information for these marketing purposes unless the member consents. We also have policies addressing circumstances in which members are unable to give consent.

To obtain a copy of our Notice of Privacy Practices, which describes in greater detail our practices concerning use and disclosure of personal information, please call the toll-free Member Services number on your ID card or visit our Internet site at www.aetna.com.

Additional Information Provided by

Booz Allen Hamilton

The following information is provided to you in accordance with the Employee Retirement Income Security Act of 1974 (ERISA). It is not a part of your booklet-certificate. Your Plan Administrator has determined that this information together with the information contained in your booklet-certificate is the Summary Plan Description required by ERISA.

In furnishing this information, Aetna is acting on behalf of your Plan Administrator who remains responsible for complying with the ERISA reporting rules and regulations on a timely and accurate basis.

Name of Plan:

Medical, Dental & Prescription drug plan

Employer Identification Number:

504

Plan Number:

36-2513686

Type of Plan:

Welfare

Type of Administration:

Group Insurance Policy with:

Aetna Life Insurance Company
151 Farmington Avenue
Hartford, CT 06156

Plan Administrator:

Booz Allen Hamilton
8283 Greensboro Drive
McLean, VA 22102-3838

Telephone Number:

Agent For Service of Legal Process:

Booz Allen Hamilton
8283 Greensboro Drive
McLean, VA 22102-3838

Service of legal process may also be made upon the Plan Administrator

End of Plan Year:

December 31

Source of Contributions:

Employer

Procedure for Amending the Plan:

The Employer may amend the Plan from time to time by a written instrument signed by Plan Administrator.

ERISA Rights

As a participant in the group insurance plan you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974. ERISA provides that all plan participants shall be entitled to:

Receive Information about Your Plan and Benefits

Examine, without charge, at the Plan Administrator's office and at other specified locations, such as worksites and union halls, all documents governing the Plan, including insurance contracts, collective bargaining agreements, and a copy of the latest annual report (Form 5500 Series) that is filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.

Obtain, upon written request to the Plan Administrator, copies of documents governing the operation of the Plan, including insurance contracts, collective bargaining agreements, and copies of the latest annual report (Form 5500 Series), and an updated Summary Plan Description. The Administrator may make a reasonable charge for the copies.

Receive a summary of the Plan's annual financial report. The Plan Administrator is required by law to furnish each participant with a copy of this summary annual report.

Receive a copy of the procedures used by the Plan for determining a qualified domestic relations order (QDRO) or a qualified medical child support order (QMCSO).

Continue Group Health Plan Coverage

Continue health care coverage for yourself, your spouse, or your dependents if there is a loss of coverage under the Plan as a result of a qualifying event. You or your dependents may have to pay for such coverage. Review this summary plan description and the documents governing the Plan for the rules governing your COBRA continuation coverage rights.

Reduction or elimination of exclusionary periods of coverage for preexisting conditions under your group health plan, if you have creditable coverage from another plan. You should be provided a certificate of creditable coverage, free of charge, from your group health plan or health insurance issuer when you lose coverage under the Plan, when you become entitled to elect COBRA continuation coverage, when your COBRA continuation coverage ceases, if you request it before losing coverage, or if you request it up to 24 months after losing coverage. Without evidence of creditable coverage, you may be subject to preexisting condition exclusion for 12 months after your enrollment date in your coverage under this Plan. Contact your Plan Administrator for assistance in obtaining a certificate of creditable coverage.

Prudent Actions by Plan Fiduciaries

In addition to creating rights for plan participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan. The people who operate your Plan, called "fiduciaries" of the Plan, have a duty to do so prudently and in your interest and that of other plan participants and beneficiaries. No one, including your employer, your union, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a welfare benefit or exercising your rights under ERISA.

Enforce Your Rights

If your claim for a welfare benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA there are steps you can take to enforce the above rights. For instance, if you request materials from the Plan and do not receive them within 30 days you may file suit in a federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Administrator.

If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or federal court. In addition, if you disagree with the Plan's decision or lack thereof concerning the status of a domestic relations order or a medical child support order, you may file suit in a federal court.

If it should happen that plan fiduciaries misuse the Plan's money or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor or you may file suit in a federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

Assistance with Your Questions

If you have any questions about your Plan, you should contact the Plan Administrator.

If you have any questions about this statement or about your rights under ERISA, you should contact:

- the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory; or
- the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue, N.W., Washington D.C. 20210.

You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

Statement of Rights under the Newborns' and Mothers' Health Protection Act

Under federal law, group health plans and health insurance issuers offering group health insurance coverage generally may not restrict benefits for any hospital length of stay in connection with childbirth for the mother or newborn child to less than 48 hours following a vaginal delivery, or less than 96 hours following a delivery by cesarean section. However, the plan or issuer may pay for a shorter stay if the attending provider (e.g., your physician, nurse midwife, or physician assistant), after consultation with the mother, discharges the mother or newborn earlier.

Also, under federal law, plans and issuers may not set the level of benefits or out-of-pocket costs so that any later portion of the 48-hour (or 96-hour) stay is treated in a manner less favorable to the mother or newborn than any earlier portion of the stay.

In addition, a plan or issuer may not, under federal law, require that you, your physician, or other health care provider obtain authorization for prescribing a length of stay of up to 48 hours (or 96 hours). However, you may be required to obtain precertification for any days of confinement that exceed 48 hours (or 96 hours). For information on precertification, contact your plan administrator.

Notice Regarding Women's Health and Cancer Rights Act

Under this health plan, coverage will be provided to a person who is receiving benefits for a medically necessary mastectomy and who elects breast reconstruction after the mastectomy for:

- (1) reconstruction of the breast on which a mastectomy has been performed;
- (2) surgery and reconstruction of the other breast to produce a symmetrical appearance;
- (3) prostheses; and
- (4) treatment of physical complications of all stages of mastectomy, including lymphedemas.

This coverage will be provided in consultation with the attending physician and the patient, and will be subject to the same annual deductibles and coinsurance provisions that apply for the mastectomy.

If you have any questions about our coverage of mastectomies and reconstructive surgery, please contact the Member Services number on your ID card.

Continuation of Coverage During an Approved Leave of Absence Granted to Comply With Federal Law

This continuation of coverage section applies only for the period of any approved family or medical leave (approved FMLA leave) required by Family and Medical Leave Act of 1993 (FMLA). If your Employer grants you an approved FMLA leave for a period in excess of the period required by FMLA, any continuation of coverage during that excess period will be subject to prior written agreement between Aetna and your Employer.

If your Employer grants you an approved FMLA leave in accordance with FMLA, you may, during the continuance of such approved FMLA leave, continue Health Expense Benefits for you and your eligible dependents.

At the time you request the leave, you must agree to make any contributions required by your Employer to continue coverage. Your Employer must continue to make premium payments.

If Health Expense Benefits has reduction rules applicable by reason of age or retirement, Health Expense Benefits will be subject to such rules while you are on FMLA leave.

Coverage will not be continued beyond the first to occur of:

- The date you are required to make any contribution and you fail to do so.
- The date your Employer determines your approved FMLA leave is terminated.
- The date the coverage involved discontinues as to your eligible class. However, coverage for health expenses may be available to you under another plan sponsored by your Employer.

Any coverage being continued for a dependent will not be continued beyond the date it would otherwise terminate.

If Health Expense Benefits terminate because your approved FMLA leave is deemed terminated by your Employer, you may, on the date of such termination, be eligible for Continuation Under Federal Law on the same terms as though your employment terminated, other than for gross misconduct, on such date. If the group contract provides any other continuation of coverage (for example, upon termination of employment, death, divorce or ceasing to be a defined dependent), you (or your eligible dependents) may be eligible for such continuation on the date your Employer determines your approved FMLA leave is terminated or the date of the event for which the continuation is available.

If you acquire a new dependent while your coverage is continued during an approved FMLA leave, the dependent will be eligible for the continued coverage on the same terms as would be applicable if you were actively at work, not on an approved FMLA leave.

If you return to work for your Employer following the date your Employer determines the approved FMLA leave is terminated, your coverage under the group contract will be in force as though you had continued in active employment rather than going on an approved FMLA leave provided you make request for such coverage within 31 days of the date your Employer determines the approved FMLA leave to be terminated. If you do not make such request within 31 days, coverage will again be effective under the group contract only if and when Aetna gives its written consent.

If any coverage being continued terminates because your Employer determines the approved FMLA leave is terminated, any Conversion Privilege will be available on the same terms as though your employment had terminated on the date your Employer determines the approved FMLA leave is terminated.

BENEFIT PLAN

**What Your Plan
Covers and How
Benefits are Paid**

**Prepared Exclusively for
Booz Allen Hamilton**

**Retired Officer's Comprehensive
Medical and Dental Choice Plans**

**Aetna Life Insurance Company
Booklet-Certificate**

This Booklet-Certificate is part of the Group Insurance Policy between **Aetna** Life Insurance Company and the Policyholder



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* Defines the Terms Shown in Bold Type in the Text of This Document.

Preface (GR-9N 02-005-01)

Aetna Life Insurance Company (ALIC) is pleased to provide you with this *Booklet-Certificate*. Read this *Booklet-Certificate* carefully. The plan is underwritten by Aetna Life Insurance Company of Hartford, Connecticut (referred to as **Aetna**).

This *Booklet-Certificate* is part of the *Group Insurance Policy* between Aetna Life Insurance Company and the Policyholder. The *Group Insurance Policy* determines the terms and conditions of coverage. **Aetna** agrees with the Policyholder to provide coverage in accordance with the conditions, rights, and privileges as set forth in this *Booklet-Certificate*. The Policyholder selects the products and benefit levels under the plan. A person covered under this plan and their covered dependents are subject to all the conditions and provisions of the *Group Insurance Policy*.

The *Booklet-Certificate* describes the rights and obligations of you and **Aetna**, what the plan covers and how benefits are paid for that coverage. It is your responsibility to understand the terms and conditions in this *Booklet-Certificate*. Your *Booklet-Certificate* includes the *Schedule of Benefits* and any amendments or riders.

If you become insured, this *Booklet-Certificate* becomes your *Certificate of Coverage* under the *Group Insurance Policy*, and it replaces and supersedes all certificates describing similar coverage that **Aetna** previously issued to you.

Group Policyholder:	Booz Allen Hamilton
Group Policy Number:	GP-800105
Effective Date:	January 1, 2010
Issue Date:	December 22, 2009
Booklet-Certificate Number:	3



Ronald A. Williams
Chairman, Chief Executive Officer and President

Aetna Life Insurance Company
(A Stock Company)

Coverage for You and Your Dependents (GR-9N 02-005-01)

Health Expense Coverage

Benefits are payable for covered health care expenses that are incurred by you or your covered dependents while coverage is in effect. An expense is "incurred" on the day you receive a health care service or supply.

Coverage under this plan is non-occupational. Only **non-occupational injuries** and **non-occupational illnesses** are covered.

Refer to the *What the Plan Covers* section of the *Booklet-Certificate* for more information about your coverage.

Treatment Outcomes of Covered Services

Aetna is not a provider of health care services and therefore is not responsible for and does not guarantee any results or outcomes of the covered health care services and supplies you receive. Except for Aetna RX Home Delivery LLC, providers of health care services, including hospitals, institutions, facilities or agencies, are independent contractors and are neither agents nor employees of **Aetna** or its affiliates.

When Your Coverage Begins
(GR-9N 29-005-01-NY)

Who Can Be Covered

How and When to Enroll

When Your Coverage Begins

Throughout this section you will find information on who can be covered under the plan, how to enroll and what to do when there is a change in your life that affects coverage. In this section, “you” means the employee.

Who Can Be Covered

Employees

To be covered by this plan, the following requirements must be met:

- You will need to be in an “eligible class”, as defined below; and
- You will need to meet the “eligibility date criteria” described below.

Eligible Classes (GR-9N 29-005-01-NY)

You are in an eligible class if:

- You are a retired employee of an employer participating in this plan, and you:
 - Retired before the effective date of this plan and were covered under the prior plan for health care coverage on the day before you retired; or
 - Were covered under this plan or another plan sponsored by your employer on the day before you retired; and
 - Retire under your employer’s IRS-qualified retirement plan.

Determining When You Become Eligible

You become eligible for the plan on your eligibility date, which is determined as follows.

On the Effective Date of the Plan

If you are in an eligible class on the effective date of your plan, your eligibility date is the effective date of the plan.

After the Effective Date of the Plan

If you are in an eligible class on the date of retirement, your eligibility date is the date you retire.

If you enter an eligible class after your date of retirement, your eligibility date is the date you enter the eligible class.

Obtaining Coverage for Dependents (GR-9N 29-010 02)

Your dependents can be covered under your plan. You may enroll the following dependents:

- Your legal spouse; or
- Your domestic partner who meets the rules set by your employer; and
- Your dependent children.

Aetna will rely upon your employer to determine whether or not a person meets the definition of a dependent for coverage under the plan. This determination will be conclusive and binding upon all persons for the purposes of this plan.

Coverage for Domestic Partner (GR-9N 29-010 01-NY)

To be eligible for coverage, you and your domestic partner will need to complete and sign a Declaration of Domestic Partnership.

Coverage for Dependent Children (GR-9N 29-010 02) (GR-9N 29-010-HRPA)

To be eligible, a dependent child must be:

- Unmarried; and
- Under 23 years of age; not working full time, and who can qualify as dependents under the provision of the IRS.

An eligible dependent child includes:

- Your biological children;
- Your stepchildren;
- Your legally adopted children;
- Your foster children, including any children placed with you for adoption;
- Any children for whom you are responsible under court order;
- Your grandchildren in your court-ordered custody; and
- Any other child who lives with you in a parent-child relationship.

Coverage for a handicapped child may be continued past the age limits shown above. See *Handicapped Dependent Children* for more information.

Important Reminder

Keep in mind that you cannot receive coverage under the plan as:

- Both an employee and a dependent; or
- A dependent of more than one employee.

How and When to Enroll (GR-9N 29-015 03 NY)**Initial Enrollment in the Plan**

You will be provided with plan benefit and enrollment information when you first become eligible to enroll. To complete the enrollment process, you will need to provide all requested information for yourself and your eligible dependents.

You will need to enroll within 31 days of your eligibility date.

Special Enrollment Periods**If You Adopt a Child**

Your plan will cover a child who is placed for adoption. This means you have taken on the legal obligation for total or partial support of a child whom you plan to adopt.

Your plan will provide coverage for a child who is placed with you for adoption if:

- The child meets the plan's definition of an eligible dependent on the date he or she is placed for adoption; and
- You request coverage for the child in writing within 31 days of the placement.
- Proof of placement will need to be presented to **Aetna** prior to the dependent enrollment.
- Any coverage limitations for a pre-existing condition will not apply to a child placed with you for adoption provided that the placement occurs on or after the effective date of your coverage.

When You Receive a Qualified Child Support Order

A Qualified Medical Child Support Order (QMCSO) is a court order requiring a parent to provide health care coverage to one or more children. A Qualified Domestic Relations Support Order (QDRSO) is a court order requiring a parent to provide dependent's life insurance coverage to one or more children. Your plan will provide coverage for a child who is covered under a QMCSO or a QDRSO, if:

- The child meets the plan's definition of an eligible dependent; and
- You request coverage for the child in writing within 31 days of the court order.

Coverage for the dependent will become effective on the date of the court order. Any coverage limitations for a pre-existing condition will not apply, as long as you submit a written request for coverage within the 31-day period.

If you do not request coverage for the child within the 31-day period, **Aetna** will nevertheless provide the coverage for the child and, for you, if necessary, regardless of whether you request coverage within the 31 days or not.

Under a QMCSO or QDRSO, if you are the non-custodial parent, the custodial parent may file claims for benefits. Benefits for such claims will be paid to the custodial parent.

When Your Coverage Begins *(GR-9N 29-015 02 NY)***Your Effective Date of Coverage**

Your coverage takes effect on:

- The date you are eligible for coverage

Your Dependent's Effective Date of Coverage

Your dependent's coverage takes effect on the same day that your coverage becomes effective, if you have enrolled them in the plan by then.

If any dependent is considered a late enrollee, coverage will take effect on the first day of the first calendar month following the end of the late entrant period during which you elect coverage for such dependent.

How Your Medical Plan Works
(GR-9N 08-005 01 NY)

Common Terms

Accessing Providers

Precertification

It is important that you have the information and useful resources to help you get the most out of your **Aetna** medical plan. This Booklet-Certificate explains:

- Definitions you need to know;
- How to access care, including procedures you need to follow;
- What expenses for services and supplies are covered and what limits may apply;
- What expenses for services and supplies are not covered by the plan;
- How you share the cost of your covered services and supplies; and
- Other important information such as eligibility, complaints and appeals, termination, continuation of coverage, and general administration of the plan.

Important Notes

- Unless otherwise indicated, “you” refers to you and your covered dependents.
- Your health plan pays benefits only for services and supplies described in this Booklet-Certificate as **covered expenses** that are **medically necessary**.
- This Booklet-Certificate applies to coverage only and does not restrict your ability to receive health care services that are not or might not be covered benefits under this health plan.
- Store this Booklet-Certificate in a safe place for future reference.

Common Terms (GR-9N 08-010-01) (GR-9N 08-005 01 NY)

Many terms throughout this Booklet-Certificate are defined in the *Glossary* section at the back of this document. Defined terms appear in bolded print. Understanding these terms will also help you understand how your plan works and provide you with useful information regarding your coverage.

About Your Comprehensive Medical Plan (GR-9N 08-015 01 NY)

This **Aetna** medical plan is designed to cover a range of medical services and supplies for the treatment of **illness** and **injury** and other preventive and routine medical expenses. It does not provide benefits for all medical care.

The plan will pay for **covered expenses** up to the maximum benefits shown in this Booklet-Certificate. Coverage is subject to all the terms, policies and procedures outlined in this Booklet-Certificate. Not all medical expenses are covered under the plan. Exclusions and limitations apply to certain medical services, supplies and expenses. Refer to the *What the Plan Covers, Exclusions, Limitations* and *Schedule of Benefits* sections to determine if medical services are covered, excluded, or limited.

Using the Plan

- When you need medical care, you can directly access **physicians, hospitals** and other health care providers of your choice for covered services and supplies under the plan.

- You may have to pay the provider or facility and submit a claim to receive reimbursement from the plan. You will be responsible for completing and submitting claim forms for reimbursement of covered expenses you paid directly to the provider. **Aetna** will reimburse you for a covered expense up to the **reasonable charge**, less any cost sharing required by you.
- You will receive notification of what the plan has paid toward your **covered expenses**. It will indicate any amounts you owe towards your **deductible, payment percentage** or other non-covered expenses you have incurred. You may elect to receive this notification by e-mail, or through the mail. Call or e-mail Member Services if you have questions regarding your statement.

Important Note

Failure to **precertify** will result in a reduction of benefits under this Booklet-Certificate. Please refer to the *Understanding Precertification* section for information on how to request precertification.

Cost Sharing

Important Note:

You share in the cost of your care. Cost Sharing amounts and provisions are described in the *Schedule of Benefits*.

- You must satisfy any applicable **deductibles** before the plan begins to pay benefits.

Emergency and Urgent Care (GR-9N-27-005-01)

You have coverage 24 hours a day, 7 days a week, anywhere inside or outside the plan's service area, for:

- An **emergency medical condition**; or
- An **urgent condition**.

In Case of a Medical Emergency

When **emergency care** is necessary, please follow the guidelines below:

- Seek the nearest emergency room, or dial 911 or your local emergency response service for medical and ambulatory assistance. If possible, call your **physician** provided a delay would not be detrimental to your health.
- After assessing and stabilizing your condition, the emergency room should contact your **physician** to obtain your medical history to assist the emergency **physician** in your treatment.
- If you are admitted to an inpatient facility, notify your **physician** as soon as reasonably possible.
- If you seek care in an emergency room for a non-emergency condition (one that does not meet the criteria above), your benefits will be reduced. Please refer to the *Schedule of Benefits* for specific details about the plan.

Coverage for Emergency Medical Conditions

Refer to **Coverage for Emergency Medical Conditions** in the *What the Plan Covers* section.

Important Reminder

With the exception of Urgent Care described below, if you visit a **hospital** emergency room for a non-emergency condition, the plan will pay a reduced benefit, as shown in the *Schedule of Benefits*. No other plan benefits will pay for non-emergency care in the emergency room.

In Case of an Urgent Condition (GR-9N-27-010-01)

Call your **physician** if you think you need urgent care. **Physicians** usually provide coverage 24 hours a day, including weekends and holidays for urgent care. You may contact any **physician** or **urgent care provider**, for an **urgent care condition** if you cannot reach your **physician**.

If it is not feasible to contact your **physician**, please do so as soon as possible after urgent care is provided. If you need help finding an **urgent care provider** you may call Member Services at the toll-free number on your I.D. card, or you may access **Aetna's** online provider directory at www.aetna.com.

Coverage for an Urgent Condition

Refer to **Coverage for Urgent Medical Conditions** in the *What the Plan Covers* section.

Follow-Up Care After Treatment of an Emergency or Urgent Medical Condition

Follow-up care is not considered an emergency or **urgent condition** and is not covered as part of any emergency or urgent care visit. Once you have been treated and discharged, you should contact your **physician** for any necessary follow-up care.

For coverage purposes, follow-up care is treated as any other expense for **illness** or **injury**. If you access a **hospital** emergency room for follow-up care, your expenses will not be covered and you will be responsible for the entire cost of your treatment. Refer to your *Schedule of Benefits* for cost sharing information applicable to your plan.

To keep your out-of-pocket costs lower, your follow-up care should be provided by a **physician**.

Important Notice

Follow up care, which includes (but is not limited to) suture removal, cast removal and radiological tests such as x-rays, should **not** be provided by an emergency room facility.

Requirements For Coverage (GR-9N S-09-005- 01 NY)

To be covered by the plan, services and supplies and **prescription drugs** must meet all of the following requirements:

1. The service or supply or **prescription drug** must be covered by the plan. For a service or supply or **prescription drug** to be covered, it must:
 - Be included as a covered expense in this Booklet-Certificate;
 - Not be an excluded expense under this Booklet-Certificate. Refer to the *Exclusions* sections of this Booklet-Certificate for a list of services and supplies that are excluded;
 - Not exceed the maximums and limitations outlined in this Booklet-Certificate. Refer to the *What the Plan Covers* section and the *Schedule of Benefits* for information about certain expense limits; and
 - Be obtained in accordance with all the terms, policies and procedures outlined in this Booklet-Certificate.
2. The service or supply or **prescription drug** must be provided while coverage is in effect. See the *Who Can Be Covered, How and When to Enroll, When Your Coverage Begins, When Coverage Ends and Continuation of Coverage* sections for details on when coverage begins and ends.
3. The service or supply or **prescription drug** must be **medically necessary**. To meet this requirement, the medical or dental services, supply or **prescription drug** must be provided by a **physician**, or other health care provider or **dental provider**, exercising prudent clinical judgment, to a patient for the purpose of preventing, evaluating, diagnosing or treating an **illness, injury**, disease or its symptoms. The provision of the service or supply must be:
 - (a) In accordance with generally accepted standards of medical or dental practice;
 - (b) Clinically appropriate, in terms of type, frequency, extent, site and duration, and considered effective for the patient's **illness, injury** or disease; and
 - (c) Not primarily for the convenience of the patient, **physician** or **dental provider** or other health care provider;
 - (d) And not more costly than an alternative service or sequence of services at least as likely to produce equivalent therapeutic or diagnostic results as to the diagnosis or treatment of that patient's **illness, injury**, or disease.

For these purposes "generally accepted standards of medical or dental practice" means standards that are based on credible scientific evidence published in peer-reviewed medical or dental literature generally recognized by the relevant medical or dental community, or otherwise consistent with **physician** or dental specialty society recommendations and the views of **physicians** or **dentists** practicing in relevant clinical areas and any other relevant factors.

Clinical Review Criteria Requests

If you or your covered dependent needs additional information on a specific clinical issue, you may request a clinical review criteria by submitting written request to Aetna. The written request must contain the following information:

- Person's name; address; and telephone number.
- A request for the clinical review criteria; which Aetna would utilize in making a coverage determination involving a specific condition, treatment or device.

The written request should be sent to the following address:

Aetna
CRC Requests — Mail Code: F074
One Farr View
Cranbury, N.J. 08512

Aetna will take into consideration the person's individual situation in applying the clinical review criteria.

For questions, or further assistance, the person should call the Customer Services toll-free telephone number shown in the Identification Card.

Important Note

Not every service, supply or prescription drug fitting the definition for medical necessity is covered by the plan. Exclusions and limitations apply to certain medical services or dental , supplies and expenses. For example some benefits are limited to a certain number of days, visits or a dollar maximum. Refer to your *What the Plan Covers* and *Schedule of Benefits* for the plan limits and maximums.

In case of a denial of coverage, you have full advantage of all appeal rights available under New York State insurance law.

What The Plan Covers
(GR-9N 11-005 01 NY)

Wellness

Physician Services

Hospital Expenses

Other Medical Expenses

Comprehensive Medical Plan

Many preventive and routine medical expenses as well as expenses incurred for a serious **illness** or **injury** are covered. This section describes which expenses are **covered expenses**. Only expenses incurred for the services and supplies shown in this section are **covered expenses**. Limitations and exclusions apply.

Wellness

Routine Physical Exams

Covered expenses include charges made by your **physician** for routine physical exams for person's age 19 or more. A routine exam is a medical exam given by a **physician** for a reason other than to diagnose or treat a suspected or identified **illness** or **injury**, and also includes:

- Radiological services, X-rays, lab and other tests given in connection with the exam; and
- Immunizations for infectious diseases and the materials for administration of immunizations as recommended by the Advisory Committee on Immunization Practices of the Department of Health and Human Services, Center for Disease Control; and
- Testing for Tuberculosis.

Covered expenses for children from birth through age 18 also include:

- An initial **hospital** check up and well child visits in accordance with the prevailing clinical standards of the American Academy of Pediatric Physicians.

Unless specified above, not covered under this benefit are charges for:

- Services which are covered to any extent under any other part of this plan;
- Services which are for diagnosis or treatment of a suspected or identified **illness** or **injury**;
- Exams given during your **stay** for medical care;
- Services not given by a **physician** or under his or her direction;
- Psychiatric, psychological, personality or emotional testing or exams;

Important Reminder

Refer to the *Schedule of Benefits* for details about any applicable deductibles, coinsurance, benefit maximums and frequency and age limits for physical exams.

Preventive Health Care Services Expenses (GR 9 NS 11-005 01 NY)

This plan will pay for charges for preventive health care services provided in connection with a routine physical exam of a dependent child under 19 years of age, as follows. These charges are not subject to deductible or any lifetime maximum benefit. These services may be provided in a **hospital** or **physician's** office.

An initial hospital checkup and well-child visits scheduled in accordance with the prevailing standards of a national association of pediatric physicians designated by the New York State commissioner of health.

At each visit, services in accordance with the prevailing clinical standards of the designated association, including:

- A medical history;
- a complete physical examination;
- developmental assessment;
- anticipatory guidance;
- appropriate immunizations;
- laboratory tests.

All necessary immunizations recommended by the Advisory Committee on Immunizations Practices of the U.S. Public Health Service and the Department of Health of The State of New York, and in accordance with the minimum benefits mandated by the State of New York.

Not covered are charges for:

- Services which are covered to any extent under any other part of the plan;
- Services for diagnosis or treatment of a suspected or identified illness or disease;
- Medicines or drugs;
- Appliances, equipment or supplies;
- Premarital exams; dental exams; hearing exams; or exams related in any way to employment.

Routine Cancer Screenings

The plan will pay for charges incurred for routine cancer screening, as follows:

Mammograms:

- Upon recommendation of a **physician**, a mammogram at any age for females having a history of breast cancer or who have a first degree relative with a prior history of breast cancer;
- A single baseline mammogram for covered females aged 35 through 39; and
- An annual mammogram for covered females aged 40 or older.

One gynecological exam, including Pap smear, every twelve months.

The following coverage for diagnostic screening of prostatic cancer:

- Standard diagnostic tests, including but not limited to a digital rectal exam and one prostate specific antigen (PSA) test at any age for males having a prior history of prostate cancer; and
- An annual standard diagnostic examination, including but not limited to a digital rectal examination and a prostate specific antigen test for males age 50 or more who are asymptomatic and for males age 40 or more with a family history of prostate cancer or other prostate cancer risk factors.

Fecal occult blood test, sigmoidoscopy, colonoscopy, double contrast barium enema.

Any age limits shown above do not apply to any person who is at high risk for the cancer being screened.

Early Intervention Services Expenses

The plan will pay the following charges even though they may not be incurred in connection with an **injury** or **disease**. Benefits are payable on the same basis as any other sickness. They are included only for a dependent child:

- Until September 1 of the calendar year in which the child attains the age of 3 years; if the child is born between January 1 and August 31 of that calendar year.
- Until January 2 of the calendar year following the calendar year the child attains the age of 3 years; if the child is born between September 1 and December 31 of the preceding calendar year.

The dependent child must be certified by the New York Department of Health as eligible to participate in the Early Intervention Program. You must submit proof of such qualification with the initial claim.

Early Intervention Services Expenses

These are the charges incurred for Early Intervention Services.

Early Intervention Services: These are services, designed to offer a comprehensive array of educational, developmental, health and social services to eligible infants, children and their families as specified in program regulations. They include, but are not limited to, the following:

- Speech and language therapy given in connection with a speech impairment resulting from a congenital abnormality, disease or injury.
- Occupational or physical therapy expected to result in significant improvement of a body function impaired by a congenital abnormality, disease or injury.
- Clinical psychological tests or treatment.
- Skilled nursing services, on a part-time or intermittent basis, given by an R.N. or by an L.P.N.

Benefits paid for early intervention services will not be applied against any maximum lifetime or annual limits specified in this Booklet-Certificate. However, visit limitations and other terms and conditions of the Booklet-Certificate will continue to apply to early intervention services. Visits used for Early Intervention Services will not reduce the number of visits otherwise available under the coverage for such services.

Family Planning Services (GR-9N 11-005 01 NY)

Covered expenses include charges for certain family planning services, even though not provided to treat an **illness** or **injury**. Refer to the *Schedule of Benefits* for any frequency limits that apply to these services, if not specified below.

Covered expenses include charges for family planning services, including:

- Voluntary sterilization.
- Voluntary termination of pregnancy.

The plan does *not* cover the reversal of voluntary sterilization procedures, including related follow-up care.

Also see section on pregnancy and infertility related expenses on a later page.

Bone Mineral Density Measurement or Test, Drug and Devices (GR-9N 11-085-NY)

Covered expenses include charges incurred for bone mineral density measurements or tests, including drugs and devices, for individuals(a) meeting the criteria under the federal Medicare program or the National Institutes of Health; or (b) previously diagnosed as having osteoporosis or a family history of osteoporosis; or (c) with symptoms or conditions indicative of the presence or of significant risk of osteoporosis; or (d) on a prescribed drug regimen posing a significant risk of osteoporosis; or (e) with lifestyle factors to such a degree posing a significant risk of osteoporosis; or (f) with such age, gender and/or other physiological characteristics which pose a significant risk for osteoporosis.

Bone mineral density measurements or tests, drugs and devices include those covered under the federal Medicare program as well as those in accordance with the criteria of the National Institutes of Health, including dual energy X-ray absorptiometry.

Vision Care Services (GR-9N 11-010 -01)

Covered expenses include charges made by a legally qualified ophthalmologist or optometrist for the following services:

- **Routine** eye exam: The plan covers expenses for a complete routine eye exam that includes refraction and glaucoma testing. A routine eye exam does not include a contact lens exam. The plan covers charges for one routine eye exam in any Calendar Year.

Limitations

Coverage is subject to any applicable Calendar Year **deductibles, copays and coinsurance** percentages shown in your *Schedule of Benefits*.

Hearing Exam (GR-9N 11-015-01)

Covered expenses include charges for an audiometric hearing exam if the exam is performed by:

- A **physician** certified as an otolaryngologist or otologist; or
- An audiologist who:
 - Is legally qualified in audiology; or
 - Holds a certificate of Clinical Competence in Audiology from the American Speech and Hearing Association (in the absence of any applicable licensing requirements); and
 - Performs the exam at the written direction of a legally qualified otolaryngologist or otologist.

The plan will not cover expenses for charges for more than one hearing exam per Calendar Year.

All **covered expenses** for the hearing exam are subject to any applicable **deductible, copay and coinsurance** shown in your *Schedule of Benefits*.

Physician Services (GR 9N S 11-20 01 NY)

Physician Visits

Covered medical expenses include charges made by a **physician** during a visit to treat an **illness or injury**. The visit may be at the **physician's** office, in your home, in a **hospital** or other facility during your **stay** or in an outpatient facility. **Covered expenses** also include:

- Immunizations for infectious disease,
- Allergy testing, treatment and injections; and
- Charges made by a qualified **physician** for a second surgical opinion on the need for surgery; and a second medical opinion by an appropriate specialist (including, but not limited to a specialist affiliated with a specialty care center for the treatment of cancer) in the event of a positive or negative diagnosis of cancer; or a recurrence or cancer; or a recommendation of a course of treatment for cancer. The opinion may be rendered by either a **network** or a **non-network** specialist.

Surgery

Covered expenses include charges made by a **physician** for:

- Performing your surgical procedure;
- Pre-operative and post-operative visits; and
- Consultation with another **physician** to obtain a second opinion prior to the surgery.

Anesthetics

Covered expenses include charges for the administration of anesthetics and oxygen by a **physician**, other than the operating **physician**, or Certified Registered Nurse Anesthetist (C.R.N.A.) in connection with a covered procedure.

Important Reminder

Certain procedures need to be **precertified** by **Aetna**. Refer to *How the Plan Works* for more information about **precertification**.

Hospital Expenses (GR 9N S 11-030 01 NY)

Covered medical expenses include services and supplies provided by a **hospital** during your **stay**.

Room and Board

Covered expenses include charges for **room and board** provided at a **hospital** during your **stay**. Private room charges that exceed the **hospital's semi-private room rate** are not covered unless a private room is required because of a contagious **illness** or immune system problem.

Room and board charges also include:

- Services of the **hospital's** nursing staff;
- Admission and other fees;
- General and special diets; and
- Sundries and supplies.

Other Hospital Services and Supplies

Covered expenses include charges made by a **hospital** for services and supplies furnished to you in connection with your **stay**.

Covered expenses include hospital charges for other services and supplies provided, such as:

- **Ambulance** services.
- **Physicians** and surgeons.
- Operating, cytosopic and recovery rooms.
- Intensive or special care facilities and equipment.
- Administration of blood and blood products, but not the cost of the blood or blood products.
- Radiation therapy, chemotherapy.
- Speech therapy, physical therapy and occupational therapy.
- Oxygen and oxygen therapy.
- Radiological services, electrocardiographs, electroencephalographs, laboratory testing and diagnostic services.
- Medications, sera, biological and vaccines.
- Intravenous (IV) preparations, visualizing dyes.
- Discharge planning.
- Dressings and casts.

Outpatient Hospital Expenses

Covered expenses include **hospital** charges made for:

- Covered services and supplies provided by the outpatient department of a hospital;
- Hospital services rendered within 24 hours after an accidental injury; and
- X-ray and lab test in the outpatient department of the hospital, to the extent such services would be provided if an inpatient.

Important Reminders

The plan will only pay for nursing services provided by the **hospital** as part of its charge. The plan does *not* cover private duty nursing services as part of an inpatient **hospital** stay.

If a **hospital** or other health care facility does not itemize specific **room and board** charges and other charges, **Aetna** will assume that 40 percent of the total is for **room and board** charge, and 60 percent is for other charges.

Hospital admissions need to be **precertified** by **Aetna**. Refer to *How the Plan Works* for details about **precertification**.

(NOTE: The duration and any **stay** for patients undergoing a lymph node dissection or lumpectomy for treatment of breast cancer, or a mastectomy, will be as determined by the attending **physician**, in consultation with the patient.)

In addition to charges made by the **hospital**, certain **physicians** and other providers may bill you separately during your **stay**.

Refer to the *Schedule of Benefits* for any applicable **deductible**, **copay** and **coinsurance** and maximum benefit limits.

Coverage for Emergency Medical Conditions (GR-9N 11-035-01)

Covered expenses include charges made by a **hospital** or a **physician** for services provided in an emergency room to evaluate and treat an **emergency medical condition**.

The **emergency care** benefit covers:

- Use of emergency room facilities;
- Emergency room **physicians** services;
- **Hospital** nursing staff services; and
- Radiologists and pathologists services.

Please contact your **physician** after receiving treatment for an **emergency medical condition**.

Important Reminder

With the exception of Urgent Care described below, if you visit a **hospital** emergency room for a non-emergency condition, the plan will pay a reduced benefit, as shown in the *Schedule of Benefits*. No other plan benefits will pay for non-emergency care in the emergency room.

Coverage for Urgent Conditions (GR-9N 11-035-01)

Covered expenses include charges made by a **hospital** or **urgent care provider** to evaluate and treat an urgent condition.

Your coverage includes:

- Use of emergency room facilities;
- Use of urgent care facilities;
- **Physicians** services;

- Nursing staff services; and
- Radiologists and pathologists services.

Please contact **physician** after receiving treatment of an urgent condition.

If you visit an **urgent care provider** for a non-urgent condition, the plan will pay a reduced benefit, as shown in the *Schedule of Benefits*.

Alternatives to Hospital Stays (GR-9N 11-035-01)

Outpatient Surgery and Physician Surgical Services

Covered expenses include charges for services and supplies furnished in connection with outpatient surgery made by:

- An office-based surgical facility of a **physician** or **dentist**;
- A **surgery center**; or
- The outpatient department of a **hospital**.

The surgery must meet the following requirements:

- The surgery can be performed adequately and safely only in a **surgery center** or **hospital** and
- The surgery is not normally performed in a **physician's** or **dentist's** office.

Important Note

Benefits for surgery services performed in a **physician's** or **dentist's** office are described under Physician Services benefits in the previous section.

The following outpatient surgery expenses are covered:

- Services and supplies provided by the **hospital, surgery center** on the day of the procedure;
- The operating **physician's** services for performing the procedure, related pre- and post-operative care, and administration of anesthesia; and
- Services of another **physician** for related post-operative care and administration of anesthesia. This does not include a local anesthetic.

Limitations

Not covered under this plan are charges made for:

- The services of a **physician** or other health care provider who renders technical assistance to the operating **physician**.
- A **stay** in a **hospital**.
- Facility charges for office based surgery.

Birth Center (GR-9N 11-045 01 NY)

Covered expenses include charges made by a **birthing center** for services and supplies related to your care in a **birthing center** for:

- Prenatal care;
- Delivery; and
- Postpartum care within 48 hours after a vaginal delivery and 96 hours after a Cesarean delivery.

Limitations

Unless specified above, not covered under this benefit are charges:

- For the services of a **physician** who renders technical assistance to the operating **physician**.
- In connection with a pregnancy for which pregnancy related expenses are not included as a covered expense.

See *Pregnancy Related Expenses* for information about other **covered expenses** related to maternity care.

Ambulatory Care

Covered expenses include charges incurred for ambulatory care in a **hospital's** outpatient department or in a **physician's** office. Ambulatory care includes: services for diagnostic X-rays; laboratory and pathological examinations; physical and radiation therapy; services and medications used for non-experimental cancer chemotherapy and cancer hormone therapy.

The services and supplies must be:

- Related to and necessary for treatment or diagnosis of your **illness** or **injury**;
- Ordered by a **physician**;
- In the case of physical therapy, furnished for the same illness or injury for which you were hospitalized or for surgery (care must start no later than 6 months after discharge from the **hospital** or surgery and is limited to 365 days following surgery or discharge from the **hospital**).

Home Health Care (GR 9 NS 11-050 01 NY)

Covered expenses include charges for home health care services when ordered by a **physician** provided:

- The charges are made by a **home health care agency**; and
- The care is given under a **home health care plan**; and
- The care is given to you in your home while you are homebound.

Home health care expenses include charges for:

- Part-time or intermittent care by a **R.N.** or by a **L.P.N.**
- Part-time intermittent home health aide services provided in conjunction with and in direct support of patient care.
- Physical, occupational and speech therapy.
- Medical supplies, prescription drugs and medications and lab services by or for a **home health care agency** to the extent they would have been covered under this plan if you been confined in a **hospital** or **skilled nursing facility** (as defined in Title XVIII of the Social Security Act).

Benefits for home health care visits are payable up to the Home Health Care Maximum. Each visit by a nurse or therapist is one visit. Each 4 hours of home health aide services is one visit.

Limitations

Unless specified above, not covered under this benefit are charges for:

- Services or supplies that are not part of the Home Health Care Plan.
- Services of a person who usually lives with you, or who is a member of your or your spouse's or your domestic partner's family.
- Transportation
- Services that are for **custodial care**.

Important Reminders

The plan does *not* cover **custodial care**, even if care is provided by a nursing professional, and family member or other caretakers cannot provide the necessary care.

Home health care needs to be **precertified** by **Aetna**. Refer to *How the Plan Works* for details about **precertification**.

Refer to the *Schedule of Benefits* for details about any applicable home health care visit maximums.

Private Duty Nursing (GR-9N S-11-065-01)

Covered expenses include private duty nursing provided by a **R.N.** or **L.P.N.** if the person's condition requires **skilled nursing** care and visiting nursing care is not adequate. However, **covered expenses** will not include private duty nursing for any shifts during a Calendar Year in excess of the Private Duty Nursing Care Maximum Shifts. Each period of private duty nursing of up to 8 hours will be deemed to be one private duty nursing shift.

The plan also covers skilled observation for up to one four-hour period per day, for up to 10 consecutive days following:

- A change in your medication;
- Treatment of an urgent or **emergency medical condition** by a **physician**;
- The onset of symptoms indicating a need for emergency treatment;
- Surgery;
- An inpatient **stay**.

Limitations

Unless specified above, *not* covered under this benefit are charges for:

- Nursing care that does not require the education, training and technical skills of a **R.N.** or **L.P.N.**
- Nursing care assistance for daily life activities, such as:
 - Transportation;
 - Meal preparation;
 - Vital sign charting;
 - Companionship activities;
 - Bathing;
 - Feeding;
 - Personal grooming;
 - Dressing;
 - Toileting; and
 - Getting in/out of bed or a chair.
- Nursing care provided for skilled observation.
- Nursing care provided while you are an inpatient in a **hospital** or health care facility, provided the care can adequately be provided by the facility's general nursing staff, if it were fully staffed.
- A service provided solely to administer oral medicine, except where law requires a **R.N.** or **L.P.N.** to administer medicines.

Skilled Nursing Facility (GR 9N 11-060 01 NY)

Covered expenses include charges made by a **skilled nursing facility** during your **stay** for the following services and supplies, up to the maximums shown in the *Schedule of Benefits*, including:

- **Room and board**, up to the **semi-private room rate**. The plan will cover up to the private room rate if it is needed due to an infectious illness or a weak or compromised immune system;
- Use of special treatment rooms;
- Radiological services and lab work;
- Physical, occupational, or speech therapy;
- Oxygen and other gas therapy;
- Other medical services and general nursing services usually given by a **skilled nursing facility** (this does not include charges made for private or special nursing, or **physician's** services); and

- Medical supplies.
- The **stay** must start during a Convalescent Period. A convalescent period starts on the first day of your stay if you:
 - Had a **hospital stay** of at least three days in a row; while covered under this plan for treatment of an illness or injury;
 - Start your stay in a skilled nursing facility within 14 days after your discharge from the **hospital**;
 - Need skilled nursing facility services to recover from the **condition** that caused the **hospital stay**; and
 - **Further hospitalization would otherwise be necessary.**

A convalescent period ends when you have not been confined in a **hospital, skilled nursing facility**, or other place giving nursing care for 90 days in a row

Important Reminder

Refer to the *Schedule of Benefits* for details about any applicable **skilled nursing facility** maximums.

Admissions to a **skilled nursing facility** must be **precertified** by **Aetna**. Refer to *Using Your Medical Plan* for details about **precertification**.

Limitations

Unless specified above, *not* covered under this benefit are charges for:

- Charges made for the treatment of:
 - Drug addiction;
 - Alcoholism;
 - Senility;
 - Mental retardation; or
 - Any other mental illness; and
- Daily **room and board** charges over the **semi private rate**.

Hospice Care (GR 9 N S 11-070 01 NY)

Covered expenses include charges made by the following furnished to you for **hospice care** when given as part of a **hospice care program**.

Facility Expenses

The charges made by a **hospital, hospice** or **skilled nursing facility** for:

- **Room and Board** and other services and supplies furnished during a **stay** for pain control and other acute and chronic symptom management; and
- Services and supplies furnished to you on an outpatient basis.

Outpatient Hospice Expenses

Covered expenses include charges made on an outpatient basis by a **Hospice Care Agency** for:

- Part-time or intermittent nursing care by a **R.N.** or **L.P.N.** for up to eight hours a day;
- Part-time or intermittent home health aide services to care for you up to eight hours a day.
- Medical social services under the direction of a **physician**. These include but are not limited to:
 - Assessment of your social, emotional and medical needs, and your home and family situation;
 - Identification of available community resources; and
 - Assistance provided to you to obtain resources to meet your assessed needs.
- Physical and occupational therapy; and
- Consultation or case management services by a **physician**;
- Medical supplies.

- Prescription drugs;
- Dietary counseling; and
- Psychological counseling.

Charges made by the providers below if they are not an employee of a **Hospice Care Agency**; and such Agency retains responsibility for your care:

- A **physician** for a consultation or case management;
- A physical or occupational therapist;
- A **home health care agency** for:
 - Physical and occupational therapy;
 - Part time or intermittent home health aide services for your care up to eight hours a day;
 - Medical supplies;
 - **Prescription drugs**;
 - Psychological counseling; and
 - Dietary counseling.

Limitations

Unless specified above, *not* covered under this benefit are charges for:

- Daily **room and board** charges over the **semi-private room rate**.
- More than 5 visits for bereavement counseling.
- Funeral arrangements.
- Pastoral counseling.
- Financial or legal counseling. This includes estate planning and the drafting of a will.
- Homemaker or caretaker services. These are services which are not solely related to your care. These include, but are not limited to: sitter or companion services for either you or other family members; transportation; maintenance of the house.
- Respite care. This is care furnished during a period of time when your family or usual caretaker cannot attend to your needs.

Important Reminders

Refer to the *Schedule of Benefits* for details about any applicable **hospice care** maximums.

Inpatient **hospice care** and home health care must be **precertified** by **Aetna**. Refer to *How the Plan Works* for details about **precertification**.

Other Covered Health Care Expenses (GR-9N S-11-080 01 NY)

Acupuncture

The plan covers charges made for acupuncture services provided by a **physician**, if the service is performed:

- As a form of anesthesia in connection with a covered surgical procedure; and
- To treat an illness, injury or to alleviate chronic pain.

Important Reminder

Refer to the *Schedule of Benefits* for details about any applicable acupuncture benefit maximum.

Ambulance Service (GR 9 NS 11-080 01 NY)

Covered expenses include the following:

Emergency Transportation

Covered expenses include charges made by an ambulance service, issued a certificate to operate under the New York Public Health Law, for **prehospital emergency medical services**. Payment under the Plan will be payment in full for the services provided. An ambulance service that is so reimbursed by the Plan will not seek any reimbursement from, or have any recourse against you, except for the collection of **copays, coinsurance or deductibles** for which you are responsible under the Plan.

“Prehospital emergency medical services” means the prompt evaluation and treatment of an emergency medical condition, and/or non-airborne transportation of a covered person from the place where he or she is injured or stricken by illness to the **hospital** where treatment is given. If the person utilizes non-airborne emergency transportation, reimbursement will be based on whether a prudent layperson, possessing an average knowledge of medicine and health, could reasonably expect the absence of such transportation to result in (1) placing the health of the covered person affected with such condition in serious jeopardy, or in the case of a behavioral condition placing the health of such person or others’ in serious jeopardy; (2) serious impairment to such covered person’s bodily functions; (3) serious dysfunction of any bodily organ or part of such covered person; or (4) serious disfigurement of such covered person.

Non-Emergency Transportation

Covered expenses include charges by a professional ambulance service for the necessary non-emergency transfer of a covered person via ground ambulance or a medical van.

Limitations

Not covered under this benefit are charges incurred to transport you:

- If an **ambulance** service is not required by your physical condition; or
- If the type of **ambulance** service provided is not required for your physical condition; or
- By any form of transportation other than a professional **ambulance** service.

Diagnostic and Preoperative Testing (GR-9N S-11-085 01 NY)

Outpatient Diagnostic Lab Work and Radiological Services

Covered expenses include charges for radiological services, lab services, and pathology and other tests provided to diagnose an **illness or injury**. You must have definite symptoms that start, maintain or change a plan of treatment prescribed by a **physician**. The charges must be made by a **physician, hospital** or licensed radiological facility or lab.

Important Reminder

Refer to the *Schedule of Benefits* for details about any **deductible, coinsurance** and maximum that may apply to outpatient diagnostic testing, and lab and radiological services.

Outpatient Preoperative Testing

Prior to a scheduled covered surgery, **covered expenses** include charges made for tests performed by a **hospital, surgery center, physician** or licensed diagnostic laboratory provided the charges for the surgery are **covered expenses** and:

- The test are related to your surgery, and the surgery takes place in a **hospital or surgery center**;
- Reservations for a bed or for an operating room were made prior to the tests:
 - The test are completed within 7 days before your surgery;
 - The test are performed on an outpatient basis;
 - The test would be covered if you were an inpatient in a **hospital**;
 - The test are not repeated in or by the **hospital or surgery center** where the surgery will be performed;
 - Test results appear in your medical record kept by the **hospital or surgery center** where the surgery is performed.

Important Reminder

- If your tests indicate that surgery should not be performed because of your physical condition, the plan will pay for the test, however surgery will **not** be covered.

Durable Medical and Surgical Equipment (DME) (GR 9 NS 11-090 01 NY)

Covered expenses include charges by a **DME** supplier for the rental of equipment or, in lieu of rental:

The initial purchase of **DME** if:

- Long term care is planned; and
- The equipment cannot be rented or is likely to cost less to purchase than to rent.

Repair of purchased equipment. Maintenance and repairs needed due to misuse or abuse are not covered.

Replacement of purchased equipment if:

- The replacement is needed because of a change in your physical condition; and
- It is likely to cost less to replace the item than to repair the existing item or rent a similar item.

The plan limits coverage to one item of equipment, for the same or similar purpose and the accessories needed to operate the item. You are responsible for the entire cost of any additional pieces of the same or similar equipment you purchase or rent for personal convenience or mobility.

Covered **DME** includes equipment, and the accessories needed to operate it, that is:

- Made to withstand prolonged use;
- Made for and mainly used in the treatment of an **illness or injury**;
- Suited for use in the home;
- Not normally of use to people who do not have an **illness or injury**;
- Not for use in altering air quality or temperature; and
- Not for exercise or training.

Durable medical and surgical equipment **does not** include equipment such as whirlpools, portable whirlpool pumps, sauna baths, massage devices, over bed tables, elevators, communication aids, vision aids and telephone alert systems.

Aetna reserves the right to limit the payment of charges up to the most cost efficient and least restrictive level of service or item which can be safely and effectively provided. The decision to rent or purchase is **Aetna's**.

Important Reminder

Refer to the *Schedule of Benefits* for details about **durable medical and surgical equipment deductible, coinsurance** and benefit maximums.

Experimental or Investigational Treatment

Covered expenses include charges made for **experimental or investigational** drugs, devices, treatments or procedures, provided **all** of the following conditions are met:

- You have been diagnosed with cancer or a condition likely to cause death within one year or less;
- Standard therapies have not been effective or are inappropriate;
- **Aetna** determines, based on at least two documents of medical and scientific evidence, that you would likely benefit from the treatment;

- There is an ongoing clinical trial. You are enrolled in a clinical trial that meets these criteria:
 - The drug, device, treatment or procedure to be investigated has been granted investigational new drug (IND) or Group c/treatment IND status;
 - The clinical trial has passed independent scientific scrutiny and has been approved by an Institutional Review Board that will oversee the investigation;
 - The clinical trial is sponsored by the National Cancer Institute (NCI) or similar national organization (such as the Food & Drug Administration or the Department of Defense) and conforms to the NCI standards;
 - The clinical trial is not a single institution or investigator study unless the clinical trial is performed at an NCI-designated cancer center; and
 - You are treated in accordance with protocol.

Pregnancy Related Expenses (GR 9 N S 11-100 01 NY)

Covered expenses include charges made by a **physician** for pregnancy and childbirth services and supplies at the same level as any **illness or injury**. This includes prenatal visits, delivery and postnatal visits.

For inpatient care of the mother and newborn child, **covered expenses** include charges made by a **Hospital** for a minimum of:

- 48 hours after a vaginal delivery; and
- 96 hours after a cesarean section.
- A shorter stay, if the attending **physician**, with the consent of the mother, discharges the mother or newborn earlier.

Covered expenses include parent education, assistance and training in breast or bottle feeding, and the performance of any necessary maternal and newborn clinical assessments.

If the mother is discharged earlier, the plan will pay for two post-delivery home visits by a health care provider. This will not be subject to any deductible or copay and will not count toward the maximum number of visits under the home health care benefit.

Covered expenses also include charges made by a **birthing center** as described under Alternatives to **Hospital** Care.

Note: **Covered expenses** also include services and supplies provided for circumcision of the newborn during the stay.

Prescription Drugs (GR-9N 11-110 01 NY)

Covered expenses include charges made for outpatient **prescription drugs** and insulin when prescribed in writing by a **physician** to treat an **illness or injury**. The plan covers both **generic** and **brand-name prescription drugs**.

Also covered will be charges for a prescription drug for the treatment of a certain type of cancer if the drug has been prescribed for treatment of a cancer for which it has not been approved by the federal Food and Drug Administration, but the drug is recognized for the treatment of the specific type of cancer in one of the standard reference compendia, or in medical literature.

Unless specified above, not covered under this benefit are charges for:

- any outpatient **prescription drug** covered or excluded from coverage under Aetna's **prescription drug** plan in accordance with the **prescription drug** coverage and exclusions sections of this Booklet-Certificate or any separately issued Booklet-Certificate.

Lifestyle/Performance Drugs

Coverage includes:

- Sildenafil Citrate, phentolamine, apomorphine and alprostadil in oral, and topical (which includes, but is not limited to gels, creams, ointments and patches) forms; or any other form, internally or externally, are covered; regardless of **medical necessity**. Coverage includes: any prescription drug in oral or topical form, that is in a similar or identical class; has a similar or identical mode of action; or exhibits similar, or identical outcomes.
- Coverage is limited to 6 pills, or other form; determined cumulatively among all forms for unit amounts; determined by **Aetna** to be similar in cost to: oral forms, per 30 day supply.

Prosthetic Devices (GR 9N S 11-110 01 NY)

Covered expenses include charges made for internal and external prosthetic devices and special appliances, if the device or appliance improves or restores body part function that has been lost or damaged by **illness, injury** or congenital defect. **Covered expenses** also include instruction and incidental supplies needed to use a covered prosthetic device.

The plan covers the first prosthesis you need that temporarily or permanently replaces all or part of a body part lost or impaired as a result of illness or injury or congenital defects as described in the list of covered devices below for an:

- Internal body part or organ; or
- External body part.

Covered expenses also include replacement of a prosthetic device if:

- The replacement is needed because of a change in your physical condition; or normal growth or wear and tear; or
- It is likely to cost less to buy a new one than to repair the existing one; or
- The existing one cannot be made serviceable.

The list of covered devices includes but is not limited to:

- An artificial arm, leg, hip, knee or eye;
- Eye lens;
- An external breast prosthesis and the first bra made solely for use with it after a mastectomy;
- A breast implant after a mastectomy;
- Ostomy supplies, urinary catheters and external urinary collection devices;
- Speech generating device;
- A cardiac pacemaker and pacemaker defibrillators; and
- A durable brace that is custom made and fitted for you.

The plan will not cover expenses and charges for, or expenses related to:

- Orthopedic shoes, therapeutic shoes, foot orthotics, or other devices to support the feet, unless required for the treatment of or to prevent complications of diabetes; or if the orthopedic shoe is an integral part of a covered leg brace; or
- Trusses, corsets, and other support.

Hearing Aids (GR-9N-26-005-01)

Covered hearing care expenses include charges for electronic hearing aids (monaural and binaural), installed in accordance with a **prescription** written during a covered hearing exam.

Benefits are payable up to the hearing supply maximum listed in the *Schedule of Benefits*.

All **covered expenses** are subject to the hearing expense exclusions in this *Booklet-Certificate* and are subject to **deductible(s), copayments or coinsurance** listed in the *Schedule of Benefits*, if any.

Benefits After Termination of Coverage

Expenses incurred for hearing aids within 30 days of termination of the person's coverage under this benefit section will be deemed to be covered hearing care expenses if during the 30 days before the date coverage ends:

- The **prescription** for the hearing aid was written; and
- The hearing aid was ordered.

Short-Term Rehabilitation Therapy Services (GR 9N-11-120 01 NY)

Covered expenses include charges for short-term therapy services when prescribed by a **physician** as described below up to the benefit maximums listed on the *Schedule of Benefits*. The services have to be performed by:

- A licensed or certified physical, occupational or speech therapist;
- A **hospital, skilled nursing facility, or hospice facility**;
- A **home health care agency**; or
- A **physician**.

Charges for the following short term rehabilitation expenses are covered:

Cardiac and Pulmonary Rehabilitation Benefits.

- Cardiac rehabilitation benefits are available as part of an inpatient **hospital stay**. A limited course of outpatient cardiac rehabilitation is covered when following angioplasty, cardiovascular surgery, congestive heart failure or myocardial infarction.
- Pulmonary rehabilitation benefits are available as part of an inpatient **hospital stay**. A limited course of outpatient pulmonary rehabilitation is covered for the treatment of reversible pulmonary disease states.

Outpatient Cognitive Therapy, Physical Therapy, Occupational Therapy and Speech Therapy Rehabilitation Benefits.

Coverage is subject to the limits, if any, shown on the *Schedule of Benefits*. Inpatient rehabilitation benefits for the services listed will be paid as part of your Inpatient **Hospital and Skilled Nursing Facility** benefits provision in this Booklet-Certificate:

- Physical therapy is covered for non-chronic conditions and acute **illnesses** and **injuries**, provided the therapy expects to significantly improve, develop or restore physical functions lost or impaired as a result of an acute **illness, injury** or surgical procedure. Physical therapy does not include educational training or services designed to develop physical function.
- Occupational therapy (except for vocational rehabilitation or employment counseling) is covered for non-chronic conditions and acute **illnesses** and **injuries**, provided the therapy expects to significantly improve, develop or restore physical functions lost or impaired as a result of an acute **illness, injury** or surgical procedure, or to relearn skills to significantly improve independence in the activities of daily living. Occupational therapy does not include educational training or services designed to develop physical function.

- Speech therapy is covered for non-chronic conditions and acute illnesses and injuries and expected to restore the speech function or correct a speech impairment resulting from **illness** or **injury**; or for delays in speech function development as a result of a gross anatomical defect present at birth. Speech function is the ability to express thoughts, speak words and form sentences. Speech impairment is difficulty with expressing one's thoughts with spoken words.
- Cognitive therapy associated with physical rehabilitation is covered when the cognitive deficits have been acquired as a result of neurologic impairment due to trauma, stroke, or encephalopathy, and when the therapy is part of a treatment plan intended to restore previous cognitive function.

A "visit" consists of no more than one hour of therapy. Refer to the *Schedule of Benefits* for the visit maximum that applies to the plan. **Covered expenses** include charges for two therapy visits of no more than one hour in a 24-hour period.

The therapy should follow a specific treatment plan that:

- Details the treatment, and specifies frequency and duration; and
- Provides for ongoing reviews and is renewed only if continued therapy is appropriate.
- Allows therapy services, provided in your home, if you are **homebound**.

Important Reminder

Refer to the *Schedule of Benefits* for details about the short term rehabilitation therapy maximum benefit.

Unless specifically covered above, *not* covered under this benefit are charges for:

- Therapies for the treatment of delays in development, unless resulting from acute illness or injury, or congenital defects amenable to surgical repair (such as cleft lip/palate), are not covered.
- Any services which are **covered expenses** in whole or in part under any other group plan sponsored by an employer;
- Any services unless provided in accordance with a specific treatment plan;
- Services for the treatment of delays in speech development, unless resulting from: illness; **injury**; or congenital defect;
- Services provided during a **stay** in a **hospital, skilled nursing facility, or hospice facility except as stated above**;
- Services not performed by a **physician** or under the direct supervision of a **physician**;
- Treatment covered as part of the Spinal Manipulation Treatment. This applies whether or not benefits have been paid under that section;
- Services provided by a **physician** or physical, occupational or speech therapist who resides in your home; or who is a member of your family, or a member of your spouse's family; or your domestic partner;
- Special education to instruct a person whose speech has been lost or impaired, to function without that ability. This includes lessons in sign language.

Reconstructive or Cosmetic Surgery and Supplies (GR-9N 11-125 01 NY)

Covered expenses include charges made by a **physician, hospital, or surgery center** for reconstructive services and supplies, including:

- Surgery to correct the result of an accidental **injury** provided the surgery occurs no more than 24 months after the **injury**. For a covered child, surgery will be covered up to age 18 or up to 24 months after the **injury**, whichever period is longer. **Injuries** that occur during surgical procedures or medical treatments are not considered accidental injuries, even if unplanned or unexpected.
- Surgical implantation or attachment of covered prosthetic devices.
- Surgery to correct a gross anatomical defect present at birth. The surgery will be covered if the defect results in severe facial disfigurement or significant functional impairment of a body part; and the purpose of the surgery is to improve function.

Reconstructive surgery which is incidental to or follows surgery for trauma, infection or other diseases of the involved part, or necessary due to a congenital disease or anomaly of a covered dependent child which has resulted in a functional defect.

Reconstructive Breast Surgery

Covered expenses include (i) reconstruction of the breast on which a mastectomy was performed, including an implant and areolar reconstruction. (ii) surgery on the other breast to make it symmetrical with the reconstructed breast; and (iii) physical therapy to treat complications of mastectomy, including lymph edema, in as manner determined by you and your attending **physician**.

Transgender (Sex Change) Surgery

Covered expenses include charges in connection with a **medically necessary** Transgender (Sex Change) Surgery as long as you or a covered dependent have obtained **precertification** from **Aetna**; and have met the following conditions:

- You or your dependent is at least 18 years old; and
- You or your dependent have met criteria for the diagnosis of true transsexualism including:
 - A life-long sense of belonging to the opposite sex and of having been born into the wrong sex, often since childhood;
 - A sense of estrangement from one's own body; so that any evidence of one's own biological sex is regarded as repugnant;
 - A desire to make his or her body as congruent as possible with the preferred sex through surgery and hormone treatment;
 - A stable transsexual orientation evidenced by a desire to be rid of one's genitals; and to live in society as a member of the other sex for at least 2 years; (i.e. not limited to periods of stress);
 - There is no sexual arousal from cross-dressing;
 - There is an absence of physical inter-sex of genetic abnormality; and
 - This is not due to another biological, chromosomal or associated psychiatric disorder; such as schizophrenia.
- You or your dependent must have completed a recognized program of transgender identity treatment; as evidenced by all of the following:
 - Has successfully lived and worked within the desired gender role full-time for at least 12 months (so-called real-life experience); without periods of returning to the original gender;
 - Unless medically contraindicated, has received at least 12 months of continuous hormonal sex change therapy recommended by a **behavioral health provider**; and carried out by an endocrinologist (which can be simultaneous with the real-life experience);

- A **behavioral health provider** who has been acquainted with you or your dependent for at least 18 months recommends sex change surgery documented in the form of a written comprehensive evaluation;
- A second concurring recommendation by another qualified **behavioral health provider** must be documented in the form of a written expert opinion; as long as one of the two **behavioral health providers** possess a doctoral degree (e.g., Ph.D., Ed.D., D.Sc., D.S.W., Psy.D., or M.D.);
- Psychotherapy is not an absolute requirement for surgery unless the **behavioral health provider's** initial assessment leads to a recommendation for psychotherapy that specifies the goals of treatment, estimates its frequency and duration throughout the real life experience (usually a minimum of 3 months);
- For genital surgical sex change; you or your dependent has undergone a urological examination for the purpose of identifying and perhaps treating abnormalities of the genitourinary tract; since genital surgical sex change includes the invasion of, and the alteration of; the genitourinary tract (urological examination is not required for persons not undergoing genital change); and
- You or your dependent have demonstrated an understanding of the proposed male-to-female or female-to-male sex change surgery with its attendant costs, required lengths of hospitalization, likely complications, and post surgical rehabilitation requirements of the planned surgery.
- The covered person has obtained **precertification** from **Aetna**.

Covered expenses include:

- Charges made by a **physician** for:
 - Performing the surgical procedure; and
 - Pre-operative and post-operative **hospital**, office and home visits.
- Charges made by a **hospital** for inpatient and outpatient services (including outpatient surgery). **Room and board** charges in excess of the **hospital's semi-private** rate will not be covered; unless a private room is ordered by your **physician** and **precertification** has been obtained.
- Charges made by a **Skilled Nursing Facility** for inpatient services and supplies. **Room and board** charges in excess of the **hospital's semi-private** rate will not be covered.
- Charges made for the administration of anesthetics.
- Charges for outpatient diagnostic laboratory and x-rays.
- Charges for blood transfusion and the cost of unreplaced blood and blood products. Also included are the charges for collecting, processing and storage of self-donated blood after the surgery has been scheduled.

Important Reminders

No payment will be made for any **covered expenses** under this benefit unless they have been **precertified** by **Aetna**.

Refer to the *Schedule of Benefits* for details about **deductibles**, **coinsurance**, benefit maximums.

Specialized Care (GR-9N S-11-135 01 NY) (GR-9N 11-190-01)

Chemotherapy

Covered expenses include charges for chemotherapy treatment. Coverage levels depend on where treatment is received. In most cases, chemotherapy is covered as outpatient care. Inpatient **hospitalization** for chemotherapy is limited to the initial dose while **hospitalized** for the diagnosis of cancer and when a **hospital stay** is otherwise **medically necessary** based on your health status.

Radiation Therapy Benefits

Covered expenses include charges for the treatment of **illness** by x-ray, gamma ray, accelerated particles, mesons, neutrons, radium or radioactive isotopes.

Outpatient Infusion Therapy Benefits

Covered expenses include charges made on an outpatient basis for infusion therapy by:

- A free-standing facility;
- The outpatient department of a **hospital**; or
- A **physician** in his/her office or in your home.

Infusion therapy is the intravenous or continuous administration of medications or solutions that are a part of your course of treatment. Charges for the following outpatient Infusion Therapy services and supplies are **covered expenses**:

- The pharmaceutical when administered in connection with infusion therapy and any medical supplies, equipment and nursing services required to support the infusion therapy;
- Professional services;
- Total parenteral nutrition (TPN);
- Chemotherapy;
- Drug therapy (includes antibiotic and antivirals);
- Pain management (narcotics); and
- Hydration therapy (includes fluids, electrolytes and other additives).

Not included under this infusion therapy benefit are charges incurred for:

- Enteral nutrition;
- Blood transfusions

Coverage is subject to the maximums, if any, shown in the *Schedule of Benefits*.

Coverage for inpatient infusion therapy is provided under the *Inpatient Hospital* and *Skilled Nursing Facility Benefits* sections of this *Booklet-Certificate*.

Benefits payable for infusion therapy will not count toward any applicable **Home Health Care** maximums.

Important Reminder

Refer to the *Schedule of Benefits* for details on any applicable **deductible**, **coinsurance** and maximum benefit limits.

Services Provided by a Center for Eating Disorders

Covered expenses include charges made by a comprehensive care center for eating disorders to provide a coordinated, individualized plan of care for individuals with eating disorders, including all necessary non-institutional, institutional and practitioner services and treatments, from initial patient screening and evaluation to treatment , follow-up care and support.

Eating disorder includes, but is not limited to: conditions such as anorexia nervosa, bulimia and binge eating disorder, identified as such in the ICD-9-CM International Classification of Disease or the most current edition of the Diagnostic and Statistical Manual of Mental Disorders, or other medical and mental health diagnostic references generally accepted for standard use by the medical and mental health fields.

Diabetic Equipment, Supplies and Education (GR-9N 11-35 01 NY)

Covered expenses include charges for the following services, supplies, equipment and training for the treatment of diabetes:

Services

Diabetes self-management education given by a **physician** (or any other licensed health care provider), including information on proper diets. Coverage is limited to visits made upon diagnosis of diabetes, where a **physician** diagnoses a significant change in the patient's symptoms or condition which requires changes in the patient's self-management, or where reeducation or refresher education is necessary.

Supplies

- Insulin;
- Insulin pumps and accessories;
- Syringes;
- Injections aids for the visually impaired;
- Test strips for glucose monitoring and visual reading and urine testing strips
- Blood glucose monitors, including those for the visually impaired
- Lancets;
- Insulin infusion devices;
- Oral agents for controlling blood sugar;
- Cartridges for the visually impaired;
- Prescribed oral medications whose primary purpose is to influence blood sugar;
- Alcohol swabs;
- Injectable glucagons;
- Glucagon emergency kits;
- Self-management training provided by a licensed health care provider certified in diabetes self-management training; and
- Foot care to minimize the risk of infection.
- Any additional equipment and related supplies as may be medically necessary for the treatment of diabetes.

End of Life Care

Covered expenses include charges incurred by a covered person who has been diagnosed with advanced cancer (with no hope of reversal of primary disease and fewer than 60 days to live, as certified the patient's attending physician) for acute care services at an acute care facility specializing in the treatment of terminally ill patients. The person's attending **physician**, in consultation with the medical director of such facility, must determine that the patient's care would be appropriately provided by such facility. The facility must be licensed pursuant to New York State's public health law, or by the state in which it is located.

In the event Aetna disagrees with the admission of or provision or continuation of care of the covered person by the facility, and Aetna initiates an expedited external appeal, such admission of, provision of, or continuation of the care by the facility will not be denied, and Aetna continue to provide coverage until a decision is rendered. The decision will be binding on all parties.

Treatment of Infertility (GR-9N 11-135 01 NY)

Basic Infertility Services

The plan will include charges made by a **physician** to diagnose and treat a correctable medical condition where the medical condition results in **infertility**.

Comprehensive Infertility Services

The plan covers charges made for **hospital**, surgical and medical care which would correct malformation, disease or dysfunction resulting in **infertility**. The **infertility** must not be caused by voluntary sterilization of either one of the partners (with or without surgical reversal); or a hysterectomy.

Covered expenses will include, but are not limited to, the following services or supplies:

- Ovulation induction;
- Artificial insemination;
- Ultrasound;
- Post-coital test;
- Hysterosalpinogram;
- Laparoscopy;
- Sono-hysteroqram;
- Blood tests;
- Endometrial biopsy;
- Hysteroscopy;
- Semen analysis;
- Testis biopsy; and
- **Prescription** drugs.

Limitations

Not covered are charges for:

- Purchases of donor sperm and any charges for the storage of any sperm;
- The purchase of donor eggs and any charges associated with care of the donor required for donor egg retrieval, transfers or gestational carriers;
- Charges associated with cryopreservation, or storage of cryopreserved embryos, including but not limited to office visits, hospital charges, ultrasounds and lab tests;
- Reversal of elective sterilization;
- Sex change procedures;
- Cloning;
- Gestational carrier programs (surrogate parenting) for you or the gestational carrier;
- Prescription drugs used for the treatment of an excluded treatment or procedure, including injectable medications;
- Home ovulation prediction kits;
- In-vitro fertilization; gamete intrafallopian tube transfers; zygote intrafallopian tube transfers; and intracytoplasmic sperm injection;
- Frozen embryo transfers; including thawing;
- Procedures deemed experimental in accordance with the standards of the American Society for Reproductive Medicine;
- Services and supplies obtained without **precertification**.

Important Reminder

Refer to the *Schedule of Benefits* for details about the **copays, deductibles** and maximums that apply to these services.

Advanced Reproductive Technology (ART) Benefits

Covered expenses include charges for advanced reproductive technology for the treatment of infertility, if all of the following tests are met:

- A condition that is a demonstrated cause of infertility has been recognized by a gynecologist or infertility specialist.
- The procedures are not performed during an inpatient **stay** in a **hospital**, or any other facility.
- FSH levels are less than, or equal to, 19miU on day 3 of the menstrual cycle.
- The infertility is not caused by voluntary sterilization of either one of the partners (with or without surgical reversal), or a hysterectomy.
- A successful pregnancy cannot be attained through less costly treatment for which coverage is available under this Plan.

Covered expenses for ART include:

- In-vitro fertilization (IVF);
- Zygote intra-fallopian transfer (ZIFT);
- Gamete intra-fallopian transfer (GIFT);
- Cryopreserved embryo transfers;
- Intracytoplasmic sperm injection (ICSI); or ovum microsurgery;
- Care associated with a donor IVF program. This includes fertilization and culture;
- Charges for obtaining the sperm of a covered partner are covered if both the man and the woman are covered by the plan.

All ART infertility services must be:

- Precertified by Aetna's Infertility Care Management Unit.

Important Reminder

Refer to the *Summary of Coverage* for details about the **copays**, **deductibles** and maximums that apply to these services.

Limitations

Not covered are charges for:

- purchases of donor sperm and any charges for storage of any sperm;
- the purchase of donor eggs and any charges associated with the care of the donor required for donor egg retrievals, transfers or gestational carriers;
- charges associated with cryopreservation, or storage of cryopreserved embryos, including but not limited to, office visits, **hospital** charges, ultrasounds and lab tests;
- Reversal of elective sterilization;
- Charges for or related to artificial insemination;
- Gestational carrier programs (surrogate parenting) for you or the gestational carrier;
- Prescription drugs, including injectable infertility medications;
- Home ovulation prediction kits;
- Frozen embryo transfers, including thawing;
- Services and supplies obtained without the necessary referrals, or claims authorizations from the Infertility Unit or the Patient Management Unit.

Important Reminder

Refer to the *Schedule of Benefits* for details about the **copays**, **deductibles** and maximums that apply to these services.

Jaw Joint Disorder Treatment (GR 9N 11-150 01 NY)

When the condition is determined to be medical in nature the plan covers charges made by a **physician, hospital or surgery center** for the diagnosis or surgical and non surgical treatment (not involving cutting) of **jaw joint disorder**.

A **jaw joint disorder** is defined as a painful condition:

- Of the jaw joint itself, such as temporomandibular joint dysfunction (TMJ) syndrome; or
- Involving the relationship between the jaw joint and related muscles and nerves such as myofascial pain dysfunction (MPD).

Unless specified above, not covered under this benefit are charges for non-surgical treatment of a **jaw joint disorder**.

Enteral Formulas (GR-9N S- 11-085-NY)

Covered expenses include charges incurred for enteral formulas for home use and modified solid food products that are low in protein or which contain protein, which are prescribed by a **physician** for the treatment of certain diseases which include, but are not limited to:

- inherited diseases of amino acid or organic acid metabolism;
- Crohn's disease;
- gastroesophageal reflux with failure to thrive;
- disorders of gastrointestinal motility;
- multiple, severe food allergies.

Treatment of Alcoholism, Substance Abuse and Mental Disorders

Covered expenses include charges made for the treatment of alcoholism, **substance abuse** and **mental disorders** by **physicians** and **behavioral health providers**.

Alcoholism and Substance Abuse (GR 9N 11-175 01 NY)

Covered expenses include charges made for the treatment of alcoholism and **substance abuse** by physicians and **behavioral health providers**. In addition to meeting all other conditions for coverage, the treatment must meet the following criteria:

The *Schedule of Benefits* shows the benefits payable and applicable benefit maximums for the treatment of alcoholism and **substance abuse**.

Inpatient

The plan covers **room and board** at the **semi-private room rate** and other services and supplies provided during your **stay** in a **hospital** or **residential treatment facility**, appropriately licensed by the State Department of Health or its equivalent.

Coverage includes detoxification and rehabilitation services.

Outpatient Treatment

The plan covers outpatient treatment of alcoholism or **substance abuse**.

Partial Confinement Treatment

Covered expenses include charges made for **partial confinement treatment** provided in a facility or program for the intermediate short-term or medically-directed intensive treatment of alcoholism or **substance abuse**.

The **partial confinement treatment** will only be covered if you would need a **hospital stay** if you were not admitted to this type of facility.

One day of partial confinement will count as one outpatient visit for the treatment of alcohol or substance abuse.

Important Reminder:

Inpatient and partial hospitalization care must be **precertified** by **Aetna**. Refer to *How the Plan Works* for more information about **precertification**.

Oral and Maxillofacial Treatment (Mouth, Jaws and Teeth) (GR-9N 11-180-01)

Covered expenses include charges made by a **physician**, a **dentist** and **hospital** for:

- Non-surgical treatment of infections or diseases of the mouth, jaw joints or supporting tissues.

Services and supplies for treatment of, or related conditions of, the teeth, mouth, jaws, jaw joints or supporting tissues, (this includes bones, muscles, and nerves), for surgery needed to:

- Treat a fracture, dislocation, or wound.
- Cut out cysts, tumors, or other diseased tissues.
- Cut into gums and tissues of the mouth. This is only covered when **not** done in connection with the removal, replacement or repair of teeth.
- Alter the jaw, jaw joints, or bite relationships by a cutting procedure when appliance therapy alone cannot result in functional improvement.

Hospital services and supplies received for a **stay** required because of your condition.

Dental work, surgery and **orthodontic treatment** needed to remove, repair, restore or reposition:

- (a) Natural teeth damaged, lost, or removed; or
- (b) Other body tissues of the mouth fractured or cut due to **injury**.

Any such teeth must have been free from decay or in good repair, and are firmly attached to the jaw bone at the time of the **injury**.

The treatment must be completed in the Calendar Year of the **accident** or in the next Calendar Year.

If crowns, dentures, bridges, or in-mouth appliances are installed due to **injury**, **covered expenses** only include charges for:

- The first denture or fixed bridgework to replace lost teeth;
- The first crown needed to repair each damaged tooth; and
- An in-mouth appliance used in the first course of **orthodontic treatment** after the **injury**.

Medical Plan Exclusions (GR 9 N S 28-015 01 NY)

Not every medical service or supply is covered by the plan, even if prescribed, recommended, or approved by your **physician** or **dentist**. The plan covers only those services and supplies that are **medically necessary** and included in the *What the Plan Covers* section. Charges made for the following are not covered except to the extent listed under the *What The Plan Covers* section or by amendment attached to this Booklet-Certificate.

Important Note:

You have medical and prescription drug and dental insurance coverage. The exclusions listed below apply to all coverage under your plan. Additional exclusions apply to specific prescription drug and dental coverage. Those additional exclusions are listed separately under the *What The Plan Covers* section for each of these benefits.

Charges for a service or supply furnished by a **network provider** in excess of the **negotiated charge**, or an **out-of-network provider** in excess of the **recognized charge**.

- Cosmetic services and plastic surgery: any treatment, surgery (cosmetic or plastic), service or supply to alter, the shape or appearance of the body whether or not for psychological or emotional reasons, unless **medically necessary**. But this exclusion will not apply to (i) *Reconstructive Services and Specialized Care Services* under *What the Plan Covers* section; (ii) removal of bony impacted teeth, bone fractures, removal of tumors and orthodontogenic cysts; or covered dental services or supplies to treat congenital defects or anomalies (including cleft lip or cleft palate) of covered dependent children.

Custodial Care

Non-**medically necessary** services, including but not limited to, those treatments, services, **prescription drugs** and supplies which are not **medically necessary**, as determined by **Aetna**, for the diagnosis and treatment of **illness, injury**, restoration of physiological functions, or covered preventive services. This applies even if they are prescribed, recommended or approved by your **physician** or **dentist**.

Services that are not covered under this Booklet-Certificate.

Services and supplies provided in connection with treatment or care that is not covered under the plan.

Unauthorized services, including any service obtained by or on behalf of a covered person without Precertification by Aetna when required. This exclusion does not apply in a Medical Emergency or in an Urgent Care situation.

Your Pharmacy Benefit (GR-9N-S-12-005-02)

How the Pharmacy Plan Works

It is important that you have the information and useful resources to help you get the most out of your **Aetna prescription drug** plan. This Booklet-Certificate explains:

- Definitions you need to know;
- How to access **network pharmacies** and procedures you need to follow;
- What **prescription drug** expenses are covered and what limits may apply;
- What **prescription drug** expenses are not covered by the plan;
- How you share the cost of your covered **prescription drug** expenses; and
- Other important information such as eligibility, complaints and appeals, termination, and general administration of the plan.

A few important notes to consider before moving forward:

- Unless otherwise indicated, “you” refers to you and your covered dependents.
- Your **prescription drug** plan pays benefits only for **prescription drug** expenses described in this Booklet-Certificate as covered expenses that are **medically necessary**.
- This Booklet-Certificate applies to coverage only and does not restrict your ability to receive **prescription drugs** that are not or might not be covered benefits under this **prescription drug** plan.
- Store this Booklet-Certificate in a safe place for future reference.

(GR-9N 12-005 01 NY)

Notice

The plan does not cover all **prescription drugs**, medications and supplies. Refer to the Limitations section of this coverage and *Exclusions* section of your Booklet-Certificate.

- **Covered expenses** are subject to cost sharing requirements as described in the Cost Sharing sections of this coverage and in your Schedule of Benefits.

Getting Started: Common Terms (GR-9N 12-010 01NY)

You will find the terms below used throughout this Booklet-Certificate. They are described within the sections that follow, and you can also refer to the *Glossary* at the back of this document for helpful definitions. Words in bold print throughout the document are defined in the *Glossary*.

Brand-Named Prescription Drug is a **prescription drug** with a proprietary name assigned to it by the manufacturer and so indicated by Medispan or any other similar publication designated by **Aetna** or an affiliate.

Generic Prescription Drug is a **prescription drug**, whether identified by its chemical, proprietary, or non-proprietary name, that is accepted by the U.S. Food and Drug Administration as therapeutically equivalent and interchangeable with drugs having an identical amount of the same active ingredient and so indicated by Medispan or any other publication designated by **Aetna** or an affiliate.

Network pharmacy is a description of a **retail, mail order or specialty pharmacy** that has entered into a contractual agreement with **Aetna** for the provision of **covered services** to you and your covered dependents at a **negotiated charge**. The appropriate **pharmacy** type may also be substituted for the word **pharmacy**. (E.g. **network retail pharmacy, network mail order pharmacy or specialty pharmacy network**).

Non-Preferred Drug (Non-Formulary) is a **brand-named prescription drug** or **generic prescription drug** that does not appear on the **preferred drug guide**.

Out-of-network pharmacy is a description of a **pharmacy** that has not contracted with **Aetna** to reduce their fees and does not participate in the **Aetna** pharmacy network.

Preferred Drug (Formulary) is a **brand-named prescription drug** or **generic prescription drug** that appears on the **preferred drug guide**.

Preferred Drug Guide is a listing of **prescription drugs** established by **Aetna** or an affiliate, which includes both **brand-named prescription drugs** and **generic prescription drugs**. This list is subject to periodic review and modification by **Aetna** or an affiliate. A copy of the **preferred drug guide** will be available upon your request or may be accessed on the **Aetna** website at www.aetna.com/formulary.

Prescription Drug is a drug, biological, or compounded **prescription** which, by State or Federal Law, may be dispensed only by **prescription** and which is required by Federal Law to be labeled "Caution: Federal Law prohibits dispensing without prescription." This includes an injectable drug prescribed to be self-administered or administered by any other person except one who is acting within his or her capacity as a paid healthcare professional. Covered injectable drugs include insulin.

Provider is any recognized health care professional, pharmacy or facility providing services with the scope of their license.

Specialty Pharmacy Network. **Aetna's** network of participating pharmacies designated to fill **Self-injectable Drug** prescriptions.

Accessing Pharmacies and Benefits (GR-9N-S-12-015-01-NY)

This plan provides access to **covered benefits** through a network of pharmacies, vendors or suppliers. These **network pharmacies** have contracted with **Aetna** to provide **prescription drugs** and other supplies to you at a **negotiated charge**. You also have the choice to access state licensed **pharmacies** outside the **network** for **covered expenses**.

Obtaining your benefits through **network pharmacies** has many advantages. Your out-of-pocket costs may vary between **network** and **out-of-network benefits**. Benefits and cost sharing may also vary by the type of **network pharmacy** where you obtain your **prescription drug** and whether or not you purchase a brand-name or generic drug. **Network pharmacies** include retail, mail order and specialty pharmacies.

Read your *Schedule of Benefits* carefully to understand the cost sharing charges applicable to you. To better understand the choices that you have with your plan, please carefully review the following information.

Accessing Network Pharmacies and Benefits (GR-9N 12-015 02)

You may select a **network pharmacy** from the **Aetna** Network Pharmacy Directory or by logging on to **Aetna's** website at www.aetna.com. You can search **Aetna's** online directory, DocFind, for names and locations of **network pharmacies**. If you cannot locate a **network pharmacy** in your area call Member Services.

You must present your ID card to the **network pharmacy** every time you get a **prescription** filled to be eligible for **network benefits**. The **network pharmacy** will calculate your claim online. You will pay any deductible, copayment or coinsurance directly to the **network pharmacy**.

Aetna will pay the **network pharmacy** the **plan coinsurance** percentage for a **covered expense**, less any cost sharing required by you. You do not have to complete or submit claim forms. The **network pharmacy** will take care of claim submission.

Emergency Prescriptions (GR-9N-S-12-015-01-NY)

When you need a **prescription** filled in an emergency or urgent care situation, or when you are traveling, you can obtain network benefits by filling your **prescription** at any **network retail pharmacy**. The **network pharmacy** will fill your **prescription** and only charge you your plan's cost sharing amount. If you access an **out-of-network pharmacy** you will pay the full cost of the prescription and will need to file a claim for reimbursement, you will be reimbursed for your **covered expenses** up to the cost of the prescription less any applicable cost sharing required by you.

Availability of Providers

Aetna cannot guarantee the availability or continued network participation of a particular **pharmacy**. Either **Aetna** or any **network pharmacy** may terminate the provider contract.

Cost Sharing for Network Benefits

You share in the cost of your benefits. Cost Sharing amounts and provisions are described in the Schedule of Benefits.

- After you pay the applicable **copayment**, if any, you will be responsible for any applicable **coinsurance** for **covered expenses** that you incur. Your **coinsurance** is based on the **negotiated charge**. You will not have to pay any balance bills above the **negotiated charge** for the **covered expense**.

When You Use an Out-of-Network Pharmacy (GR-9N-S-12-020-01-NY) (GR-9N 13-005 01 NY)

You can directly access an **out-of-network pharmacy** to obtain covered outpatient **prescription drugs**. You will pay the **pharmacy** for your **prescription drugs** at the time of purchase and submit a claim form to receive reimbursement from the plan. You are responsible for completing and submitting claim forms for reimbursement of **covered expenses** you paid directly to an out-of-network **pharmacy**. **Aetna** will reimburse you for a **covered expense** up to the **recognized charge**, less any cost sharing required by you.

Cost Sharing for Out-of-Network Benefits (GR-9N-S-12-020-01-NY)

You share in the cost of your benefits. Cost Sharing amounts and provisions are described in the Schedule of Benefits.

Pharmacy Benefit (GR-9N 13-005 01 NY)

What the Plan Covers

The plan covers charges for outpatient **prescription drugs** for the treatment of an **illness** or injury, subject to the Limitations section of this coverage and the Exclusions section of the Booklet-Certificate. Prescriptions must be written by a **prescriber** licensed to prescribe federal legend prescription drugs.

Generic prescription drugs may be substituted by your pharmacist for **brand-name prescription drugs**. You may minimize your out-of-pocket expenses by selecting a **generic prescription drug** when available.

Coverage of **prescription drugs** will be subject to **Aetna** requirements or limitations. **Prescription drugs** covered by this plan are subject to drug utilization review by **Aetna** and/or your **provider** and/or your **network pharmacy**.

Coverage for **prescription drugs** and supplies is limited to the supply limits as described below.

Retail Pharmacy Benefits

Outpatient **prescription drugs** are covered when dispensed by a **network retail pharmacy**. Each **prescription** is limited to a maximum 30 day supply when filled at a **network retail pharmacy**. **Prescriptions** for more than a 30 day supply are not eligible for coverage when dispensed by a **network retail pharmacy**.

All prescriptions and refills over a 30 day supply must be filled at a **mail order pharmacy**.

Mail Order Pharmacy Benefits

Outpatient **prescription drugs** are covered when dispensed by a **network mail order pharmacy**. Each **prescription** is limited to less than a 90 day supply when filled at a **network mail order pharmacy**. **Prescriptions** for less than a 30 day supply or a 90 day supply are not eligible for coverage when dispensed by a **network mail order pharmacy**.

Self-Injectable Drugs — Specialty Pharmacy Network Benefits

Self-injectable drugs are covered at the network level of benefits only when dispensed through a **network retail pharmacy** or **Aetna's specialty pharmacy network**. Refer to the **preferred drug guide** for a list of **self-injectable drugs**. You may refer to **Aetna's** website, www.aetna.com to review the list anytime. The list may be updated from time to time.

Each **prescription** is limited to a maximum 30 day supply when filled at **Aetna's specialty pharmacy network**.

Other Covered Expenses (GR-9N 13-005 01 NY)

The following **prescription drugs**, medications and supplies are also **covered expenses** under this Coverage.

Off-Label Use (GR-9N 13-005 01 NY)

FDA approved **prescription drugs** may be covered when the off-label use of the drug has not been approved by the FDA for that indication. The drug must be recognized for treatment of the indication in one of the standard compendia (the United States Pharmacopoeia Drug Information, the American Medical Association Drug Evaluations, or the American Hospital Formulary Service Drug Information). Or, the safety and effectiveness of use for this indication has been adequately demonstrated by at least one study published in a nationally recognized peer review journal. Coverage of off label use of these drugs may be subject to **Aetna** requirements or limitations.

Diabetic Supplies (GR-9N 13-005 01 NY)

The following diabetic supplies upon prescription by a **physician**:

- Diabetic needles and syringes.
- Test strips for glucose monitoring and/or visual reading.
- Diabetic test agents.
- Lancets/lancing devices.
- Alcohol swabs.

Pharmacy Benefit Limitations (GR-9N 13-015 01 NY)

A **network pharmacy** may refuse to fill a prescription order or refill when in the professional judgment of the pharmacist the prescription should not be filled.

The plan will not cover expenses for any **prescription drug** for which the actual charge to you is less than the required **copayment** or **deductible**, or for any **prescription drug** for which no charge is made to you.

You will be charged the **out-of-network prescription drug cost sharing** for **prescription drugs** recently approved by the FDA, but which have not yet been reviewed by the Aetna Health Pharmacy Management Department and Therapeutics Committee.

The number of **copayments/deductibles** you are responsible for per vial of Depo-Provera, an injectable contraceptive, or similar type contraceptive dispensed will be based on the 90 day supply level. Coverage is limited to a maximum of 5 vials per Calendar Year.

Pharmacy Benefit Exclusions (GR-9N S-28-020-01 NY)

Not every health care service or supply is covered by the plan, even if prescribed, recommended, or approved by your **physician** or **dentist**. The plan covers only those services and supplies that are **medically necessary** and included in the *What the Plan Covers* section. Charges made for the following are not covered except to the extent listed under the *What the Plan Covers* section or by amendment attached to this Booklet-Certificate. In addition, some services are specifically limited or excluded. This section describes expenses that are not covered or subject to special limitations.

These **prescription drug** exclusions are in addition to the exclusions listed under your medical coverage.

The plan does not cover the following expenses:

- Administration or injection of any drug.
- Any charges in excess of the benefit, dollar, day, or supply limits stated in this Booklet-Certificate.

Any drugs or medications, services and supplies that are not **medically necessary**, as determined by **Aetna**, for the diagnosis, care or treatment of the **illness** or **injury** involved. This applies even if they are prescribed, recommended or approved by your **physician** or **dentist**.

Biological sera, blood, blood plasma, blood products or substitutes or any other blood products. Drugs which do not, by federal or state law, require a **prescription** order (i.e. over-the-counter (OTC) drugs), even if a **prescription** is written.

Drugs provided by, or while the person is an inpatient in, any healthcare facility; or for any drugs provided on an outpatient basis in any such institution to the extent benefits are payable for it.

Drugs used primarily for the treatment of infertility, or for or related to artificial insemination, in vitro fertilization, or embryo transfer procedures, except as described in the *What the Plan Covers* section.

Durable medical equipment, monitors and other equipment.

Experimental or investigational drugs or devices, except as described in the *What the Plan Covers* section.

This exclusion will not apply with respect to drugs that:

- Have been granted treatment investigational new drug (IND); or Group c/treatment IND status; or
- Are being studied at the Phase III level in a national clinical trial sponsored by the National Cancer Institute; and
- **Aetna** determines, based on available scientific evidence, are effective or show promise of being effective for the illness.

Food items: Any food item, including infant formulas, nutritional supplements, vitamins, including **prescription** vitamins, medical foods and other nutritional items, even if it is the sole source of nutrition. This exclusion will not apply to expenses incurred for enteral formulas for home use and modified solid food products that are low in protein or which contain protein, which are prescribed by a **physician** for the treatment of certain diseases which include, but are not limited to: (a) inherited diseases of amino acid or organic acid metabolism; (b) Crohn's disease; (c) gastroesophageal reflux with failure to thrive; (d) disorders of gastrointestinal motility; (e) multiple, severe food allergies.

Genetics: Any treatment, device, drug, or supply to alter the body's genes, genetic make-up, or the expression of the body's genes except for the correction of congenital birth defects.

Immunization or immunological agents.

Implantable drugs and associated devices.

Injectables:

- Any charges for the administration or injection of **prescription drugs** or injectable insulin and other injectable drugs covered by **Aetna**;
- Injectable agents, except insulin;
- Needles and syringes, except for diabetic needles and syringes;
- Unless medically necessary, injectable drugs if an alternative oral drug is available.

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Prescription drugs for which there is an over-the-counter (OTC) product which has the same active ingredient and strength even if a **prescription** is written.

Prescription drugs, medications, injectables or supplies provided through a third party vendor contract with the policyholder.

Prescription orders filled prior to the effective date or after the termination date of coverage under this Booklet-Certificate.

Prophylactic drugs for travel.

Refills in excess of the amount specified by the **prescription** order. Before recognizing charges, **Aetna** may require a new **prescription** or evidence as to need, if a **prescription** or refill appears excessive under accepted medical practice standards.

Refills dispensed more than one year from the date the latest **prescription** order was written, or as otherwise permitted by applicable law of the jurisdiction in which the drug is dispensed.

Replacement of lost or stolen **prescriptions**.

Drugs, services and supplies provided in connection with treatment of an **occupational injury or occupational illness**.

Supplies, devices or equipment of any type, except as specifically provided in the *What the Plan Covers* section.

Test agents except diabetic test agents.

How Your Aetna Dental Plan Works
(GR-9N 16-005-01)

Common Terms

What the Plan Covers

Rules that Apply to the Plan

What the Plan Does Not Cover

Understanding Your Aetna Dental Plan

It is important that you have the information and useful resources to help you get the most out of your **Aetna** dental plan. This Booklet-Certificate explains:

- Definitions you need to know;
- How to access care, including procedures you need to follow;
- What services and supplies are covered and what limits may apply;
- What services and supplies are not covered by the plan;
- How you share the cost of your covered services and supplies; and
- Other important information such as eligibility, complaints and appeals, termination, continuation of coverage and general administration of the plan.

Important Notes:

Unless otherwise indicated, “you” refers to you and your covered dependents. You can refer to the Eligibility section for a complete definition of “you”.

This Booklet-Certificate applies to coverage only and does not restrict your ability to receive covered expenses that are not or might not be **covered expenses** under this dental plan.

Store this Booklet-Certificate in a safe place for future reference.

Getting Started: Common Terms (GR-9N 16-010-01)

Many terms throughout this Booklet-Certificate are defined in the *Glossary* Section at the back of this document. Defined terms appear in bolded print. Understanding these terms will also help you understand how your plan works and provide you with useful information regarding your coverage.

Getting an Advance Claim Review (GR-9N 16-035-01)

The purpose of the advance claim review is to determine, in advance, the benefits the plan will pay for proposed services. Knowing ahead of time which services are covered by the plan, and the benefit amount payable, helps you and your **dentist** make informed decisions about the care you are considering.

Important Note

The pre-treatment review process is not a guarantee of benefit payment, but rather an estimate of the amount or scope of benefits to be paid.

When to Get an Advance Claim Review

An advance claim review is recommended whenever a course of dental treatment is likely to cost more than \$350. Ask your **dentist** to write down a full description of the treatment you need, using either an **Aetna** claim form or an ADA approved claim form. Then, before actually treating you, your **dentist** should send the form to **Aetna**. **Aetna** may request supporting x-rays and other diagnostic records. Once all of the information has been gathered, **Aetna** will review the proposed treatment plan and provide you and your **dentist** with a statement outlining the benefits payable by the plan. You and your **dentist** can then decide how to proceed.

The advance claim review is voluntary. It is a service that provides you with information that you and your **dentist** can consider when deciding on a course of treatment. It is not necessary for emergency treatment or routine care such as cleaning teeth or check-ups.

In determining the amount of benefits payable, **Aetna** will take into account alternate procedures, services, or courses of treatment for the dental condition in question in order to accomplish the anticipated result. (See *Benefits When Alternate Procedures Are Available* for more information on alternate dental procedures.)

What is a Course of Dental Treatment?

A course of dental treatment is a planned program of one or more services or supplies. The services or supplies are provided by one or more **dentists** to treat a dental condition that was diagnosed by the attending **dentist** as a result of an oral examination. A course of treatment starts on the date your **dentist** first renders a service to correct or treat the diagnosed dental condition.

What The Plan Covers (GR-9N 18-005-01)

Comprehensive Dental Plan

Schedule of Benefits for the Comprehensive Dental Plan

Comprehensive Dental is merely a name of the benefits in this section. The plan does not pay a benefit for all dental care expenses you incur.

Important Reminder

Your dental services and supplies must meet the following rules to be covered by the plan:

- The services and supplies must be **medically necessary**.
- The services and supplies must be covered by the plan.
- You must be covered by the plan when you incur the expense.

Covered expenses include charges made by a **dentist** for the services and supplies that are listed in the dental care schedule as shown in the *Schedule of Benefits*.

The next sentence applies if:

- A charge is made for an unlisted service given for the dental care of a specific condition; and
- The list includes one of more services that, under standard practices, are separately suitable for the dental care of that condition.

In that case, the charge will be considered to have been made for a service in the list that **Aetna** determines would have produced a professionally acceptable result.

Dental Care Schedule

The dental care schedule is a list of dental expenses that are covered by the plan. There are several categories of **covered expenses**:

- Preventive
- Diagnostic
- Restorative
- Oral surgery
- Endodontics
- Periodontics

These covered services and supplies are grouped as Type A, Type B or Type C.

Comprehensive Dental Expense Coverage Plan (GR-9N 18-006-01)

(GR-9N-19-006-01)

The following additional dental expenses will be considered **covered expenses** for you and your covered dependent if you have medical coverage insured or administered by **Aetna** and have at least one of the following conditions:

- Pregnancy;
- Coronary artery disease/cardiovascular disease;
- Cerebrovascular disease; or
- Diabetes

Additional Covered Dental Expenses

- One additional prophylaxis (cleaning) per year.
- Scaling and root planing, (4 or more teeth); per quadrant;
- Scaling and root planing (limited to 1-3 teeth); per quadrant;
- Full mouth debridement;
- Periodontal maintenance (one additional treatment per year); and
- Localized delivery of antimicrobial agents. (Not covered for pregnancy)

Payment of Benefits

The additional prophylaxis, the benefit will be payable the same as other prophylaxis under the plan.

The **plan coinsurance** applied to the other covered dental expenses above will be 100%. These additional benefits will not be subject to any frequency limits except as shown above or any Calendar Year maximum.

Aetna will reimburse the provider directly, or you may pay the provider directly and then submit a claim for reimbursement for **covered expenses**.

Comprehensive Dental Expense Coverage (GR-9N 18-007-01)

Calendar Year Maximum Benefit

This plan has a Calendar Year maximum benefit. This is the most **Aetna** will pay for all covered dental expenses incurred by you or your covered dependent in a Calendar Year. The Calendar Year Maximum Benefit Amount applies even if there is a break in your coverage with **Aetna**.

Refer to your *Schedule of Benefits* for the maximum amounts.

Important Reminder (GR-9N 18-010-01)

The **deductible, payment percentage** and maximums that apply to each type of dental care are shown in the *Schedule of Benefits*.

You may receive services and supplies from **network** and **out-of-network providers**. Services and supplies given by a **network provider** are covered at the **network** level of benefits shown in the *Schedule of Benefits*. Services and supplies given by an **out-of-network provider** are covered at the out-of-network level of benefits shown in the *Schedule of Benefits*.

Refer to *About the Comprehensive Dental Coverage* for more information about covered services and supplies.

Type A Expenses

Oral exams once every six months. This includes prophylaxis (limited to 2 treatments per year), scaling, and cleaning of teeth.

Topical application of sodium or stannous fluoride, (limited to children under age 19).

X-rays for diagnosis. Also other X-rays not to exceed one full mouth series in a 36 month period and one set of bitewings in a 6 month period.

Emergency palliative treatment.

First installation of a space maintainers to replace any baby tooth which is lost prematurely.

Type B Expenses

Oral Surgery

Extractions

Sealants, per tooth (limited to one application every 3 years for permanent molars and bicuspid only, and to children under age 14)

Fillings.

General anesthetics given in connection with covered dental services.

Treatment of diseased periodontal structures.

Endodontic treatment. This includes root canal therapy.)

Injection of antibiotic drugs.

Type C Expenses

Inlays, gold fillings, or crowns. This includes precision attachments for dentures.

First installation of fixed bridgework to replace one or more natural teeth extracted while the person is covered.

This includes inlays and crowns as abutments.

Replacement of an existing removable denture or fixed bridgework by new fixed bridgework, or the adding of teeth to existing fixed bridgework. But, the "Replacement Rule" below must be met.

Repair or recementing of crowns, inlays, bridgework, or dentures.

Relining of dentures.

First installation of removable dentures to replace one or more natural teeth extracted while the person is covered.

This includes adjustments for the 6 month period following the date they were installed.

Replacement of an existing removable denture or fixed bridgework by a new denture, or the adding of teeth to a partial removable denture. But, the "Replacement Rule" below must be met.

Surgical removal of impacted teeth.

Rules and Limits That Apply to the Dental Plan (GR-9N-S-20-005-01-NY)

Several rules apply to the dental plan. Following these rules will help you use the plan to your advantage by avoiding expenses that are not covered by the plan.

Replacement Rule (GR-9N 20-010-01)

Crowns, inlays, onlays and veneers, complete dentures, removable partial dentures, fixed partial dentures (bridges) and other prosthetic services are subject to the plan's replacement rule. That means certain replacements of, or additions to, existing crowns, inlays, onlays, veneers, dentures or bridges are covered only when you give proof to **Aetna** that:

- While you were covered by the plan, you had a tooth (or teeth) extracted after the existing denture or bridge was installed. As a result, you need to replace or add teeth to your denture or bridge.
- The present crown, inlay and onlay, veneer, complete denture, removable partial denture, fixed partial denture (bridge), or other prosthetic service was installed at least 5 years before its replacement and cannot be made serviceable.
- You had a tooth (or teeth) extracted while you were covered by the plan. Your present denture is an immediate temporary one that replaces that tooth (or teeth). A permanent denture is needed, and the temporary denture cannot be used as a permanent denture. Replacement must occur within 12 months from the date that the temporary denture was installed.

Tooth Missing but Not Replaced Rule

The first installation of complete dentures, removable partial dentures, fixed partial dentures (bridges), and other prosthetic services will be covered if:

- The dentures, bridges or other prosthetic services are needed to replace one or more natural teeth that were removed while you were covered by the plan; and
- The tooth that was removed was not an abutment to a removable or fixed partial denture installed during the prior 5 years. The extraction of a third molar does not qualify. Any such appliance or fixed bridge must include the replacement of an extracted tooth or teeth.

Alternate Treatment Rule (GR-9N-20-015-01)

Sometimes there are several ways to treat a dental problem, all of which provide acceptable results. When alternate services or supplies can be used, the plan's coverage will be limited to the cost of the least expensive service or supply that is:

- Customarily used nationwide for treatment, and
- Deemed by the dental profession to be appropriate for treatment of the condition in question. The service or supply must meet broadly accepted standards of dental practice, taking into account your current oral condition.

You should review the differences in the cost of alternate treatment with your **dental provider**. Of course, you and your **dental provider** can still choose the more costly treatment method. You are responsible for any charges in excess of what the plan will cover.

Coverage for Dental Work Begun Before You Are Covered by the Plan (GR-9N 20-020-01)

The plan does not cover dental work that began before you were covered by the plan. This means that the following dental work is not covered:

- An appliance, or modification of an appliance, if an impression for it was made before you were covered by the plan;
- A crown, bridge, or cast or processed restoration, if a tooth was prepared for it before you were covered by the plan; or
- Root canal therapy, if the pulp chamber for it was opened before you were covered by the plan.

Coverage for Dental Work Completed After Termination of Coverage

Your dental coverage may end while you or your covered dependent is in the middle of treatment. The plan does not cover dental services that are given after your coverage terminates. There is an exception. The plan will cover the following services if they are ordered while you were covered by the plan, and installed within 30 days after your coverage ends.

- Inlays;
- Onlays;
- Crowns;
- Removable bridges;
- Cast or processed restorations;
- Dentures;
- Fixed partial dentures (bridges); and
- Root canals.

“Ordered” means:

- For a denture: the impressions from which the denture will be made were taken.
- For a root canal: the pulp chamber was opened.
- For any other item: the teeth which will serve as retainers or supports, or the teeth which are being restored:
 - Must have been fully prepared to receive the item; and
 - Impressions have been taken from which the item will be prepared.

Jaw Joint Disorder Treatment Rule (GR-9N 20-035-01)

Coverage for **Jaw Joint Disorder** treatment is covered as a Type C Service. This includes treatments which alter the jaw, jaw joints, or bite relationships. The following are covered:

- Diagnosis;
- Applicable therapy;
- Other non-surgical treatment.

Not included are charges incurred for:

- Orthodontic treatment;
- Crown, bridges and dentures;
- Treatment of periodontal disease;
- Implants;
- Root canal therapy.

What The Comprehensive Dental Plan Does Not Cover (GR 9 N S 28-025 01 NY)

Not every dental care service or supply is covered by the plan, even if prescribed, recommended, or approved by your **physician** or **dentist**. The plan covers only those services and supplies that are **medically necessary** and included in the *What the Plan Covers* section. Charges made for the following are not covered except to the extent listed under the *What the Plan Covers* section or by amendment attached to this Booklet-Certificate. In addition, some services are specifically limited or excluded. This section describes expenses that are not covered or subject to special limitations.

Any instruction for diet, plaque control and oral hygiene.

Cosmetic services and supplies including plastic surgery, reconstructive surgery, **cosmetic** surgery, personalization or characterization of dentures or other services and supplies which improve alter or enhance appearance, augmentation and vestibuloplasty, and other substances to protect, clean, whiten bleach or alter the appearance of teeth; whether or not for psychological or emotional reasons; except to the extent coverage is specifically provided in the *What the Plan Covers* section. Facings on molar crowns and pontics will always be considered **cosmetic**. But this exclusion will not apply to dental care or treatment due to accidental injury to sound natural teeth within 12 months of the accident, or to dental care or treatment necessary due to a congenital disease or anomaly.

Crown, inlays and onlays, and veneers unless:

- It is treatment for decay or traumatic **injury** and teeth cannot be restored with a filling material; or
- The tooth is an abutment to a covered partial denture or fixed bridge.

Dental implants, braces, mouth guards, and other devices to protect, replace or reposition teeth and removal of implants.

Dental services and supplies that are covered in whole or in part:

- Under any other part of this plan; or
- Under any other plan of group benefits provided by the policyholder.

Dentures, crowns, inlays, onlays, bridges, or other appliances or services used for the purpose of splinting, to alter vertical dimension, to restore occlusion, or correcting attrition, abrasion, or erosion.

Except as covered in the *What the Plan Covers* section, treatment of any **jaw joint disorder** and treatments to alter bite or the alignment or operation of the jaw, including temporomandibular joint disorder (TMJ) treatment, orthognathic surgery, and treatment of malocclusion or devices to alter bite or alignment.

First installation of a denture or fixed bridge, and any inlay and crown that serves as an abutment to replace congenitally missing teeth or to replace teeth all of which were lost while the person was not covered.

General anesthesia and intravenous sedation, unless specifically covered and only when done in connection with another necessary covered service or supply.

Orthodontic treatment except as covered in the *What the Plan Covers* section.

Pontics, crowns, cast or processed restorations made with high noble metals (gold or titanium).

Prescribed drugs; pre-medication; or analgesia.

Replacement of a device or appliance that is lost, missing or stolen, and for the replacement of appliances that have been damaged due to abuse, misuse or neglect and for an extra set of dentures.

Services and supplies done where there is no evidence of pathology, dysfunction, or disease other than covered preventive services.

Services and supplies provided for your personal comfort or convenience, or the convenience of any other person, including a provider.

Services and supplies provided in connection with treatment or care that is not covered under the plan.

Space maintainers except when needed to preserve space resulting from the premature loss of deciduous teeth.

Surgical removal of impacted wisdom teeth only for orthodontic reasons.

Treatment by other than a **dentist**. However, the plan will cover some services provided by a licensed dental hygienist under the supervision and guidance of a **dentist**. These are:

- Scaling of teeth; and
- Cleaning of teeth.

When Coverage Ends (GR-9N 30-005-HRPA-NY)

Coverage under your plan can end for a variety of reasons. In this section, you will find details on how and why coverage ends, and how you may still be able to continue coverage.

When Coverage Ends for Retirees (GR-9N S-30-005-02 NY)

Your coverage under the plan will end if:

- The plan is discontinued;
- You voluntarily stop your coverage;
- The group policy ends;
- You are no longer eligible for coverage;
- You do not make any required contributions;
- You become covered under another plan offered by your employer;
- You have exhausted your overall maximum lifetime benefit under your medical plan, if your plan contains such a maximum benefit.

It is your employer's responsibility to let **Aetna** know when your coverage ends. The limits above may be extended only if **Aetna** and your employer agree, in writing, to extend them.

Your Proof of Prior Medical Coverage (GR-9N 30-010-01)

Under the Health Insurance Portability and Accountability Act of 1996, your employer is required to give you a certificate of **creditable coverage** when your coverage ends. This certificate proves that you were covered. Ask your employer about the certificate of **creditable coverage**.

When Coverage Ends for Dependents

Coverage for your dependents will end if:

- You are no longer eligible for dependents' coverage;
- You do not make the required contribution toward the cost of dependents' coverage;
- Your own coverage ends for any of the reasons listed under *When Coverage Ends* for Employees (other than exhaustion of your overall maximum lifetime benefit, if included);
- Your dependent is no longer eligible for coverage. In this case, coverage ends at the end of the calendar month when your dependent no longer meets the plan's definition of a dependent; or
- Your dependent becomes eligible for comparable benefits under this or any other group plan offered by your employer.

In addition, a "domestic partner" will no longer be considered to be a defined dependent on the earlier to occur of:

- The date this plan no longer allows coverage for domestic partners.
- The date of termination of the domestic partnership. In that event, you should provide your Employer with a completed and signed Declaration of Termination of Domestic Partnership.

Coverage for dependents may continue for a period after your death. Coverage for handicapped dependents may continue after your dependent reaches any limiting age. See *Continuation of Coverage* for more information.

Continuation of Coverage**Continuing Health Care Benefits (GR-9N 31-015 01-NY) (GR9N DEP30)****Continuing Coverage for Dependents after Your Death**

If you should die while enrolled in this plan, your dependent's health care coverage (except Dental Insurance), if applicable will continue as long as:

- You were covered at the time of your death,
- Your coverage, at the time of your death, is not being continued after your employment has ended, as provided in the *When Coverage Ends* section;
- A request is made for continued coverage within 31 days after your death; and
- Payment is made for the coverage.

Your dependent's coverage under this continuation provision will end when the first of the following occurs:

- The end of the 12 month period following your death;
- He or she no longer meets the plan's definition of "dependent";
- Dependent coverage is discontinued under the group contract;
- He or she becomes eligible for comparable benefits under this or any other group plan; or
- Any required contributions stop; and
- For your spouse, the date he or she remarries.

If your dependent's coverage is being continued for your dependents, a child born after your death will also be covered.

Important Note

Your dependent may be eligible to convert to a personal policy. Please see the section, *Converting to an Individual Health Insurance Policy* for more information.

Also see the section *COBRA Continuation of Coverage*.

Continuation of Coverage

If all or a portion of your health expense coverage would terminate because you terminate employment or membership in the eligible classes, coverage (other than Dental Expense Coverage) may be continued for you and your eligible dependents. Coverage will not be continued for any person who is eligible for a like continuation under federal law.

Within 60 days of the later of:

- The date coverage would otherwise terminate; and
- The date you are sent notice by first class mail by your employer of the right to continue;

You must elect the continuation in writing and pay the first contribution. The contribution required may be up to 102% of the cost to this plan. Premium payments must be continued.

Coverage will not be continued beyond the first to occur of:

- The end of an 18 month period which starts on the date coverage would otherwise terminate.
- The end of a 29 month period which starts on the date your coverage would otherwise terminate; but only if, prior to the end of the above 18 months period, you provide notice to your employer that you have been determined to be disabled under Title II or XVI of the Social Security Act on the date your coverage would have otherwise terminated, except for this continuation. If you are no longer determined to be so disabled, you must notify your employer within 30 days of such determination. In that case, coverage will cease at the start of the month that begins more than 31 days after the date of the final determination that you are no longer so disabled.
- The date you become eligible for like group coverage, including coverage for any preexisting condition.
- The end of the period for which any required contributions have been made.
- Discontinuance of the coverage involved as to employees of the eligible class of which you were a member.
- The date you become enrolled in benefits under Medicare.

Coverage for a dependent may not be continued beyond the date it would otherwise terminate.

If any coverage being continued ceases, you may apply for a conversion policy. See *Converting to an Individual Health Policy*.

Handicapped Dependent Children (GR-9N 31-015 01-NY)

Health Expense Coverage for your fully handicapped dependent child may be continued past the maximum age for a dependent child. However, such coverage may not be continued if the child has been issued an individual medical conversion policy.

Your child is fully handicapped if:

- he or she is not able to earn his or her own living because of mental retardation or a physical handicap which started prior to the date he or she reaches the maximum age for dependent children under your plan; and
- he or she depends chiefly on you for support and maintenance.

Proof that your child is fully handicapped must be submitted to **Aetna** no later than 31 days after the date your child reaches the maximum age under your plan.

Coverage will cease on the first to occur of:

- Cessation of the handicap.
- Failure to give proof that the handicap continues.
- Failure to have any required exam.
- Termination of Dependent Coverage as to your child for any reason other than reaching the maximum age under your plan.

Aetna will have the right to require proof of the continuation of the handicap. **Aetna** also has the right to examine your child as often as needed while the handicap continues at its own expense. An exam will not be required more often than once each year after 2 years from the date your child reached the maximum age under your plan.

Extension of Benefits (GR-S-31-020 01)

Coverage for Health Benefits

If your health benefits end while you are totally disabled, your health expenses will be extended as described below. To find out why and when your coverage may end, please refer to *When Coverage Ends*.

“Totally disabled” means that because of an **injury** or **illness**, a person is not able to engage in most normal activities of a healthy person of the same age and gender.

Extended Health Coverage (GR-S-31-020 01)

Medical Benefits (other than Basic medical benefits): Coverage will be available while you are totally disabled, for up to 12 months.

(GR-S-31-020 01)

Dental Benefits (other than Basic Dental benefits): Coverage will be available while you are totally disabled, for up to 12 months. Coverage will be available only if covered services and supplies have been rendered and received, including delivered and installed, prior to the end of that 12 month period.

When Extended Health Coverage Ends

Extension of benefits will end on the first to occur of the date:

- You are no longer totally disabled, or become covered under any other group plan with like benefits.
- Your dependent is no longer totally disabled, or he or she becomes covered under any other group plan with like benefits.

(This does not apply if coverage ceased because the benefit section ceased for your eligible class.)

COBRA Continuation of Coverage (GR-9N 31-025 NY)

If your employer is subject to COBRA requirements, the health plan continuation is governed by the Federal Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) requirements. With COBRA you and your dependents can continue health coverage, subject to certain conditions and your payment of premiums. Continuation rights are available following a “qualifying event” that would cause you or family members to otherwise lose coverage. Qualifying events are listed in this section.

Continuing Coverage through COBRA

When you or your covered dependents become eligible, your employer will provide you with detailed information on continuing your health coverage through COBRA.

You or your dependents will need to:

- Complete and submit an application for continued health coverage, which is an election notice of your intent to continue coverage.
- Submit your application within 60 days of the qualifying event, or within 60 days of your employer’s notice of this COBRA continuation right, if later.
- Agree to pay the required premiums.

Who Qualifies for COBRA

You have 60 days from the qualifying event to elect COBRA. If you do not submit an application within 60 days, you will forfeit your COBRA continuation rights.

Below you will find the qualifying events and a summary of the maximum coverage periods according to COBRA requirements.

Qualifying Event Causing Loss of Health Coverage	Covered Persons Eligible to Elect Continuation	Maximum Continuation Periods
Your active employment ends for reasons other than gross misconduct	You and your dependents	18 months
Your working hours are reduced	You and your dependents	18 months
Your marriage is annulled, you divorce or legally separate and are no longer responsible for dependent coverage	Your dependents	36 months
You become entitled to benefits under Medicare	Your dependents	36 months
Your covered dependent children no longer qualify as dependents under the plan	Your dependent children	36 months
You die	Your dependents	36 months
You are a retiree eligible for health coverage and your former employer files for bankruptcy	You and your dependents	18 months

Disability May Increase Maximum Continuation to 29 Months

If You or Your Covered Dependents Are Disabled.

If you or your covered dependent qualify for disability status under Title II or XVI of the Social Security Act during the 18 month continuation period, you or your covered dependent:

- Have the right to extend coverage beyond the initial 18 month maximum continuation period.
- Qualify for an additional 11 month period, subject to the overall COBRA conditions.
- Must notify your employer within 60 days of the disability determination status and before the 18 month continuation period ends.
- Must notify the employer within 30 days after the date of any final determination that you or a covered dependent is no longer disabled.
- Are responsible to pay the premiums after the 18th month, through the 29th month.

If There Are Multiple Qualifying Events.

A covered dependent could qualify for an extension of the 18 or 29 month continuation period by meeting the requirements of another qualifying event, such as divorce or death. The total continuation period, however, can never exceed 36 months.

Determining Your Premium Payments for Continuation Coverage

Your premium payments are regulated by law, based on the following:

- For the 18 or 36 month periods, premiums may never exceed 102 percent of the plan costs.
- During the 18 through 29 month period, premiums for coverage during an extended disability period may never exceed 150 percent of the plan costs.

When You Acquire a Dependent During a Continuation Period

If through birth, adoption or marriage, you acquire a new dependent during the continuation period, your dependent can be added to the health plan for the remainder of the continuation period if:

- He or she meets the definition of an eligible dependent,
- Your employer is notified about your dependent within 31 days of eligibility, and
- Additional premiums for continuation are paid on a timely basis.

Important Note

For more information about dependent eligibility, see the *Eligibility, Enrollment and Effective Date* section.

When Your COBRA Continuation Coverage Ends

Your COBRA coverage will end when the first of the following events occurs:

- You or your covered dependents reach the maximum COBRA continuation period — the end of the 18, 29 or 36 months. (Coverage for a newly acquired dependent who has been added for the balance of a continuation period would end at the same time your continuation period ends, if he or she is not disabled nor eligible for an extended maximum).
- You or your covered dependents do not pay required premiums.
- You or your covered dependents become covered under another group plan that does not restrict coverage for pre-existing conditions. If your new plan limits pre-existing condition coverage, the continuation coverage under this plan may remain in effect until the pre-existing clause ceases to apply or the maximum continuation period is reached under this plan.
- The date your employer no longer offers a group health plan.
- The date you or a covered dependent becomes enrolled in benefits under Medicare. This does not apply if it is contrary to the Medicare Secondary Payer Rules or other federal law.
- You or your dependent dies.

Conversion from a Group to an Individual Plan

You may be eligible to apply for an individual health plan without providing proof of good health:

- At the termination of employment.
- When loss of coverage under the group plan occurs.
- When loss of dependent status occurs.
- At the end of the maximum health coverage continuation period.

The individual policy will not provide the same coverage as the former group plan offered by your employer. Certain benefits may not be available. You will be required to pay the associated premium costs for the coverage. For additional conversion information, contact your employer or call the toll-free number on your member ID card.

Converting to an Individual Medical Insurance Policy**Eligibility**

You and your covered dependents may apply for an individual Medical insurance policy if you lose coverage under the group medical plan because:

- You terminate your employment;
- You are no longer in an eligible class;
- Your dependent no longer qualifies as an eligible dependent;
- Any continuation coverage required under federal or state law has ended; or
- You retire and there is no medical coverage available.

The individual conversion policy may cover:

- You only; or
- You and all dependents who are covered under the group plan at the time your coverage ended; or
- Your covered dependents, if you should die before you retire.

Features of the Conversion Policy

The individual policy and its terms will be the type:

- Required by law or regulation for group conversion purposes in your or your dependent's states of residence; and
- Offered by **Aetna** when you or your dependents apply under your employer's conversion plan.

However, coverage will not be the same as your group plan coverage. Generally, the coverage level may be less, and there is an applicable overall lifetime maximum benefit.

If the plan does not include major medical benefits, coverage may be elected under one of the following plans:

- Plan I: Hospital room and board expense benefits of \$130 per day. The maximum duration is 30 days. Miscellaneous hospital expense benefits to a maximum of \$1,300. Surgical operation expense benefits according to a \$1,400 maximum benefits schedule.
- Plan II: Hospital room and board expense benefits of \$230 per day. The maximum duration is 30 days. Miscellaneous hospital expense benefits to a maximum of \$2,300. Surgical operation expense benefits according to a \$2,400 maximum benefits schedule.
- Plan III: Hospital room and board expense benefits of \$330 per day. The maximum duration is 70 days. Miscellaneous hospital expense benefits to a maximum of \$3,300. Surgical operation expense benefits according to a \$3,500 maximum benefits schedule.

If the plan includes only major medical benefits, coverage may be elected under the following plan only:

- Plan IV: Major medical expense benefits providing: (a) a \$330 per day hospital room and board benefit; (b) surgical expense benefits according to a \$4,500 maximum benefits schedule; (c) a \$200,000 maximum benefit for all sicknesses and injuries; (d) a deductible of \$1,000; (e) an 80% benefit percentage, with a coinsurance limit of \$2,000; and (f) an annual restoration benefit of \$5,000.

The individual policy may also:

- Reduce its benefits by any like benefits payable under your group plan after coverage ends (for example: if benefits are paid after coverage ends because of a disability extension of benefits);
- Not guarantee renewal under selected conditions described in the policy;
- Require a statement that **Aetna** may ask for data about your coverage under any other plan. This may be asked for on any premium due date for the individual policy. If you do not give the data, expenses covered under the individual policy may be reduced by expenses which are covered or provided under those plans.

Limitations

You or your dependents do not have a right to convert if:

- You or your dependents are eligible for Medicare. Covered dependents not eligible for Medicare may apply for individual coverage even if you are eligible for Medicare.
- Coverage under the plan has been in effect for less than three months.
- A lifetime maximum benefit under this plan has been reached. For example:
 - If a covered dependent reaches the group plan's lifetime maximum benefit, the covered dependent will not have the right to convert. If you or your dependents have remaining benefits, you are eligible to convert.
 - If you have reached your lifetime maximum, you will not be able to convert. However, if a dependent has a remaining benefit, he or she is eligible to convert.
- You or your covered dependents become eligible for any other medical coverage under this plan.
- You apply for individual coverage in a jurisdiction where **Aetna** cannot issue or deliver an individual conversion policy.

- You or your covered dependents are eligible for, or have benefits available under, another plan that, in addition to the converted policy, would either match benefits or result in over insurance. Examples include:
 - Any other hospital or surgical expense insurance policy;
 - Any hospital service or medical expense indemnity corporation subscriber contract;
 - Any other group contract; or
 - Any statute, welfare plan or program.

Electing an Individual Conversion Policy

You or your covered dependents have to apply for the individual policy within 45 days after your coverage ends. The 45 days start on the date group coverage ceases. The application period will be extended for 45 days from the date your employer gives you written notice of the conversion privilege, as required by law, but not beyond 90 days from the date group coverage ceases.

If coverage ends because of retirement, the 45 day application period begins on the date coverage under the group plan actually ends. This applies even if you or your dependents are eligible for benefits based on a disability continuation provision because you or they are totally disabled.

To apply for an individual medical insurance policy:

- Get a copy of the “Notice of Conversion Privilege and Request” form from your employer.
- Complete and send the form to **Aetna** at the specified address.

Your Premiums and Payments

Your first premium payment will be due at the time you submit the conversion application to **Aetna**.

The amount of the premium will be **Aetna’s** normal rate for the policy that is approved for issuance in your or your dependent’s state of residence.

When an Individual Policy Becomes Effective

The individual policy will begin on the day after coverage ends under your group plan. Your policy will be issued once **Aetna** receives and processes your completed application and premium payment.

Coordination of Benefits — What Happens When There is More Than One Health Plan

(GR-9N 33-005-01-NY)

When Coordination of Benefits Applies

This Coordination of Benefits (COB) provision applies to this plan when you or your covered dependent has health coverage under more than one plan. “Plan” and “This plan” are defined herein. The Order of Benefit Determination Rules below determines which plan will pay as the primary plan. The primary plan pays first without regard to the possibility that another plan may cover some expenses. A secondary plan pays after the primary plan and may reduce the benefits it pays so that payments from all group plans do not exceed 100% of the total allowable expense.

Getting Started — Important Terms

When used in this provision, the following words and phrases have the meaning explained herein.

Allowable Expense means a health care service or expense, including, coinsurance and **copayments** and without reduction of any applicable **deductible**, that is covered at least in part by any of the Plans covering the person. When a Plan provides benefits in the form of services (for example an HMO), the reasonable cash value of each service will be considered an allowable expense and a benefit paid. An expense or service that is not covered by any of the Plans is not an allowable expense. Any expense that a health care provider by law or in accordance with a contractual agreement is prohibited from charging a covered person is not an allowable expense. The following are examples of expenses and services that are not allowable expenses:

- If a covered person is confined in a private **hospital** room, the difference between the cost of a semi-private room in the **hospital** and the private room (unless the patient’s stay in the private room is medically necessary in terms of generally accepted medical practices, or one of the Plans routinely provides coverage of hospital private rooms) is not an allowable expense.

If a person is covered by one Plan that computes its benefit payments on the basis of recognized charges and another Plan that provides its benefits or services on the basis of negotiated charges, the primary plan’s payment arrangements shall be the allowable expense for all the Plans. However, if the secondary plan has a negotiated fee or payment amount different from the primary plan and if the provider contract permits, that negotiated fee will be the allowable expense used by the secondary plan to determine benefits.

When a plan provides benefits in the form of services, the reasonable cash value of each service rendered shall be deemed an allowable expense and a benefit paid.

Closed Panel Plan(s). A plan that provides health benefits to covered persons primarily in the form of services through a panel of providers that have contracted with or are employed by the plan, and that limits or excludes benefits for services provided by other providers, except in cases of emergency or referral by a panel member.

When Coordination of Benefits Applies

Getting Started — Important Terms

Which Plan Pays First

How Coordination of Benefits Works

Custodial Parent. A parent awarded custody by a court decree. In the absence of a court decree, it is the parent with whom the child resides more than one half of the calendar year without regard to any temporary visitation.

Plan. Any Plan providing benefits or services by reason of health care or treatment, which benefits or services are provided by one of the following:

- Group or nongroup, blanket, or franchise health insurance policies issued by insurers, including health care service contractors;
- Other prepaid coverage under service plan contracts, or under group or individual practice;
- Uninsured arrangements of group or group-type coverage;
- Labor-management trustee plans, labor organization plans, employer organization plans, or employee benefit organization plans;
- Medical benefits coverage in a group, group-type, and individual automobile “no-fault” and traditional automobile “fault” type contracts;
- **Medicare** or other governmental benefits;
- Other group-type contracts. Group type contracts are those which are not available to the general public and can be obtained and maintained only because membership in or connection with a particular organization or group.

If the Plan includes medical, prescription drug, dental, vision and hearing coverage, those coverages will be considered separate plans. For example, Medical coverage will be coordinated with other Medical plans, and dental coverage will be coordinated with other dental plans.

This Plan is any part of the policy that provides benefits for health care expenses.

Primary Plan/Secondary Plan. The order of benefit determination rules state whether This Plan is a Primary Plan or Secondary Plan as to another Plan covering the person.

When This Plan is a Primary Plan, its benefits are determined before those of the other Plan and without considering the other Plan’s benefits.

When This Plan is a Secondary Plan, its benefits are determined after those of the other Plan and may be reduced because of the other Plan’s benefits.

When there are more than two Plans covering the person, This Plan may be a Primary Plan as to one or more other Plans, and may be a Secondary Plan as to a different Plan or Plans.

Which Plan Pays First (GR-9N 33-010 01 NY)

To find out whether the regular benefits under this plan will be reduced, the order in which the various plans will pay benefits must first be figured. This will be done as follows:

- A plan with no rules for coordination with other benefits will be deemed to pay its benefits before a plan which contains such rules.
 - A plan which covers a person as other than a dependent will be deemed to pay its benefits before a plan which covers the person as a dependent.
1. Except in the case of a dependent child whose parents are divorced or separated; the plan which covers the person as a dependent of a person whose birthday comes first in a calendar year will be primary to the plan which covers a person as a dependent of a person whose birthday comes later in the year; however:
 - (a) if both parents have the same birthday, the benefits of the plan which covered the parent longer are determined before those of the plan which covered the other parent for a shorter period of time;
 - (b) if the other plan does not have the rules described above, but instead has a rule based on the gender of the parent, and if, as a result, the plans do not agree on the order of benefit, the rule in the other plan will determine the order of benefits.

2. In the case of a dependent child whose parents are divorces or separated:
 - (a) If there is a court decree which makes one parent financially responsible for the health care expenses with respect to the child and the entity obligated to pay or provide the benefits of that parent has actual knowledge of those terms, the benefits of that plan which covers the child as a dependent of such parent shall be determined before the benefits of any other plan which covers the child as a dependent child.
 - (b) If there is no such court decree, the order of benefits is:
 - The plan of the custodial parent;
 - The plan of the spouse of the **custodial parent**;
 - The plan of the **noncustodial parent**; and then
3. Active Employee or Retired or Laid off Employee. The plan that covers a person as an employee who is neither laid off nor retired or as a dependent of an active employee, is the primary plan. The plan covering that same person as a retired or laid off employee or as a dependent of a retired or laid off employee is the secondary plan. If the other plan does not have this rule, and if, as a result, the plans do not agree on the order of benefits, this rule is ignored. This rule will not apply if the Non-Dependent or Dependent rules above determine the order of benefits.
4. Longer or Shorter Length of Coverage. The plan that covered the person as an employee, member, subscriber longer is primary.
5. If the preceding rules do not determine the primary plan, the allowable expenses shall be shared equally between the plans meeting the definition of plan under this provision. In addition, This Plan will not pay more than it would have paid had it been primary.

How Coordination of Benefits Works

In determining the amount to be paid when this plan is secondary on a claim, the **secondary plan** will calculate the benefits that it would have paid on the claim in the absence of other health insurance coverage and apply that amount to any **allowable expense** under this plan that was unpaid by the **primary plan**. The amount will be reduced so that when combined with the amount paid by the **primary plan**, the total benefits paid or provided by all plans for the claim do not exceed 100% of the total **allowable expense**.

In addition, a **secondary plan** will credit to its plan deductible any amounts that would have been credited in the absence of other coverage.

Under the COB provision of **This Plan**, the amount normally reimbursed for covered benefits or expenses under **This Plan** is reduced to take into account payments made by other plans. The general rule is that the benefits otherwise payable under **This Plan** for all covered benefits or expenses will be reduced by all other plan benefits payable for those expenses. When the COB rules of **This Plan** and another plan both agree that **This Plan** determines its benefits before such other plan, the benefits of the other plan will be ignored in applying the general rule above to the claim involved. Such reduced amount will be charged against any applicable benefit limit of this coverage.

If a covered person is enrolled in two or more **closed panel plans** COB generally does not occur with respect to the use of panel providers. However, COB may occur if a person receives emergency services that would have been covered by both plans.

Right To Receive And Release Needed Information

Certain facts about health care coverage and services are needed to apply these COB rules and to determine benefits under this plan and other plans. **Aetna** has the right to release or obtain any information and make or recover any payments it considers necessary in order to administer this provision.

Facility of Payment

Any payment made under another plan may include an amount, which should have been paid under this plan. If so, **Aetna** may pay that amount to the organization, which made that payment. That amount will then be treated as though it were a benefit paid under this plan. **Aetna** will not have to pay that amount again. The term “payment made” means reasonable cash value of the benefits provided in the form of services.

Right of Recovery

If the amount of the payments made by **Aetna** is more than it should have paid under this COB provision, it may recover the excess from one or more of the persons it has paid or for whom it has paid; or any other person or organization that may be responsible for the benefits or services provided for the covered person. The “amount of the payments made” includes the reasonable cash value of any benefits provided in the form of services.

When You Have Medicare Coverage

(GR-9N 33-020-01)

Which Plan Pays First

How Coordination with Medicare Works

What is Not Covered

This section explains how the benefits under **This Plan** interact with benefits available under **Medicare**.

Medicare, when used in this Booklet-Certificate, means the health insurance provided by Title XVIII of the Social Security Act, as amended. It includes Health Maintenance Organization (HMO) or similar coverage that is an authorized alternative to Parts A and B of **Medicare**

You are eligible for **Medicare** if you are:

- Covered under it by reason of age, disability, or
- End Stage Renal Disease; or
- Not covered under it because you:
 1. Refused it;
 2. Dropped it; or
 3. Failed to make a proper request for it.

If you are eligible for **Medicare**, the plan coordinates the benefits it pays with the benefits that **Medicare** pays. Sometimes, the **plan** is the primary payor, which means that the **plan** pays benefits before **Medicare** pays benefits. Under other circumstances, the **plan** is the secondary payor, and pays benefits after **Medicare**.

Which Plan Pays First

The plan is the primary payor when your coverage for the **plan's** benefits is based on current employment with your employer. The **plan** will act as the primary payor for the **Medicare** beneficiary who is eligible for **Medicare**:

- Solely due to age if the **plan** is subject to the Social Security Act requirements for **Medicare** with respect to working aged (i.e., generally a plan of an employer with 20 or more employees);
- Due to diagnosis of end stage renal disease, but only during the first 30 months of such eligibility for **Medicare** benefits. This provision does not apply if, at the start of eligibility, you were already eligible for **Medicare** benefits, and the **plan's** benefits were payable on a secondary basis;
- Solely due to any disability other than end stage renal disease; but only if the **plan** meets the definition of a large group health plan as outlined in the Internal Revenue Code (i.e., generally a plan of an employer with 100 or more employees).

The plan is the secondary payor in all other circumstances.

How Coordination With Medicare Works

When the Plan is Primary

The **plan** pays benefits first when it is the primary payor. You may then submit your claim to **Medicare** for consideration.

When Medicare is Primary

Your health care expense must be considered for payment by **Medicare** first. You may then submit the expense to **Aetna** for consideration.

Aetna will calculate the benefits the **plan** would pay in the absence of **Medicare**:

The amount will be reduced so that when combined with the amount paid by **Medicare**, the total benefits paid or provided by all plans for the claim do not exceed 100% of the total **allowable expense**.

This review is done on a claim-by-claim basis.

Charges used to satisfy your Part B deductible under **Medicare** will be applied under the **plan** in the order received by **Aetna**. **Aetna** will apply the largest charge first when two or more charges are received at the same time.

Aetna will apply any rule for coordinating health care benefits after determining the benefits payable.

Right to Receive and Release Required Information

Certain facts about health care coverage and services are required to apply coordination of benefits (COB) rules to determine benefits under **This Plan** and other **plans**. **Aetna** has the right to obtain or release any information, and make or recover any payments it considers necessary, in order to administer this provision.

General Provisions

(GR-9N 32-005 01 NY)

Type of Coverage

Coverage under the plan is **non-occupational**. Only **non-occupational** accidental **injuries** and **non-occupational illnesses** are covered. The plan covers charges made for services and supplies only while the person is covered under the plan.

Physical Examinations

Aetna will have the right and opportunity to examine and evaluate any person who is the basis of any claim at all reasonable times while a claim is pending or under review. This will be done at no cost to you.

Legal Action

No legal action can be brought to recover payment under any benefit after 3 years from the deadline for filing claims.

Aetna will not try to reduce or deny a benefit payment on the grounds that a condition existed before your coverage went into effect, if the loss occurs more than 2 years from the date coverage commenced. This will not apply to conditions excluded from coverage on the date of the loss.

Confidentiality

Information contained in your medical records and information received from any provider incident to the provider-patient relationship shall be kept confidential in accordance with applicable law. Information may be used or disclosed by **Aetna** when necessary for your care or treatment, the operation of the plan and administration of this Booklet-Certificate, or other activities, as permitted by applicable law. You can obtain a copy of **Aetna's** Notice of Information Practices by calling **Aetna's** toll-free Member Service telephone.

Additional Provisions

The following additional provisions apply to your coverage:

- This Booklet-Certificate applies to coverage only, and does not restrict your ability to receive health care services that are not, or might not be, covered.
- You cannot receive multiple coverage under the plan because you are connected with more than one employer.
- This document describes the main features of the plan. Additional provisions are described elsewhere in the *group policy*. If you have any questions about the terms of the plan or about the proper payment of benefits, contact your employer or **Aetna**.
- Your employer hopes to continue the plan indefinitely but, as with all group plans, the plan may be changed or discontinued with respect to your coverage.

Assignments (GR-9N-32-005-02-NY)

Coverage may be assigned only with the written consent of **Aetna**. To the extent allowed by law, **Aetna** will not accept an assignment to a provider or facility including but not limited to, an assignment of:

- The benefits due under this group insurance policy;
- The right to receive payments due under this group insurance policy; or
- Any claim you make for damages resulting from a breach or alleged breach, of the terms of this group insurance policy.

Misstatements

If any fact as to the Policyholder or you is found to have been misstated, a fair change in premiums may be made. If the misstatement affects the existence or amount of coverage, the true facts will be used in determining whether coverage is or remains in force and its amount.

All statements made by the Policyholder or you shall be deemed representations and not warranties. No written statement made by you shall be used by **Aetna** in a contest unless a copy of the statement is or has been furnished to you or your beneficiary, or the person making the claim.

Aetna's failure to implement or insist upon compliance with any provision of this policy at any given time or times, shall not constitute a waiver of **Aetna's** right to implement or insist upon compliance with that provision at any other time or times. This includes, but is not limited to, the payment of premiums. This applies whether or not the circumstances are the same.

Incontestability

As to Accident and Health Benefits:

Except as to a fraudulent misstatement, or issues concerning Premiums due:

- No statement made by the Policyholder or you or your dependent shall be the basis for voiding coverage or denying coverage or be used in defense of a claim unless it is in writing after it has been in force for 2 years from its effective date.
- No statement made by the Policyholder shall be the basis for voiding this Policy after it has been in force for 2 years from its effective date.
- No statement made by you, an eligible employee or your dependent shall be used in defense of a claim for loss incurred or starting after coverage as to which claim is made has been in effect for 2 years.

Recovery of Overpayments (GR-9N-S-30-015-01)**Health Coverage**

If a benefit payment is made by **Aetna**, to or on your behalf, which exceeds the benefit amount that you are entitled to receive, **Aetna** has the right:

- To require the return of the overpayment; or
- To reduce by the amount of the overpayment, any future benefit payment made to or on behalf of that person or another person in his or her family.

Such right does not affect any other right of recovery **Aetna** may have with respect to such overpayment.

All claims should be reported promptly. The deadline for filing a claim is 90 days after the date of the loss.

If, through no fault of your own, you are not able to meet the deadline for filing claim, your claim will still be accepted if you file as soon as possible.

Payment of Benefits (GR-9N 32-025 01)

Benefits will be paid as soon as the necessary proof to support the claim is received, but not later than 45 days after receipt of such proof. Written proof must be provided for all benefits.

All covered health benefits are payable to you. However, **Aetna** has the right to pay any health benefits to the service provider. This will be done unless you have told **Aetna** otherwise by the time you file the claim.

Aetna will notify you in writing, at the time it receives a claim, when an assignment of benefits to a health care provider or facility will not be accepted.

Any unpaid balance will be paid within 30 days of receipt by **Aetna** of the due written proof.

Aetna may pay up to \$1,000 of any other benefit to any of your relatives whom it believes are fairly entitled to it. This can be done if the benefit is payable to you and you are a minor or not able to give a valid release. It can also be done if a benefit is payable to your estate.

Records of Expenses (GR-9N-32-030-02)

Keep complete records of the expenses of each person. They will be required when a claim is made.

Very important are:

- Names of **physicians, dentists** and others who furnish services.
- Dates expenses are incurred.
- Copies of all bills and receipts.

Contacting Aetna

If you have questions, comments or concerns about your benefits or coverage, or if you are required to submit information to **Aetna**, you may contact **Aetna**'s Home Office at:

Aetna Life Insurance Company
151 Farmington Avenue
Hartford, CT 06156

You may also use **Aetna**'s toll free Member Services phone number on your ID card or visit **Aetna**'s web site at www.aetna.com/docfind/custom/aahc.

Reinstatement after Your Dental Coverage Terminates

If your coverage ends because your contributions are not paid when due, you may not be covered again for a period of two years from the date your coverage ends. If you are in an eligible class, you may re-enroll yourself and your eligible dependents at the end of such two year period. Your dental coverage will be subject to the rules under the Late Enrollment section, and will be effective as described in the *Effective Date of Coverage* section.

Effect of Benefits Under Other Plans (GR-9N 32-035-01)

Effect of An Health Maintenance Organization Plan (HMO Plan) On Coverage

If you are in an eligible class and have chosen coverage under an HMO Plan offered by your employer, the following applies:

- If the HMO Plan provides medical coverage, you will be excluded from medical expense coverage (except Vision Care, if any,) on the date of your coverage under such HMO Plan.
- If the HMO Plan provides dental coverage, you will be excluded from dental expense coverage on the date of your coverage under such HMO Plan.

If you are in an eligible class and are covered under an HMO Plan, you can choose to change to coverage for yourself and your covered dependents under this plan. If you:

- Live in an HMO Plan enrollment area and choose to change coverage during an open enrollment period, coverage will take effect on the group policy anniversary date after the open enrollment period. There will be no rules for waiting periods or preexisting conditions.
- Live in an HMO Plan enrollment area and choose to change coverage when there is not an open enrollment period, coverage will take effect only if and when **Aetna** gives its written consent.
- Move from an HMO Plan enrollment area or if the HMO discontinues and you choose to change coverage within 31 days of the move or the discontinuance, coverage will take effect on the date you elect such coverage. There will be no restrictions for waiting periods or preexisting conditions. If you choose to change coverage after 31 days, coverage will take effect only if and when **Aetna** gives its written consent.

Any extensions of benefits under this plan for disability or pregnancy will not always apply on and after the date of a change to an HMO Plan providing medical coverage. They will apply only if the person is not covered at once under the HMO Plan because he or she is in a **hospital** not affiliated with the HMO. If you give evidence that the HMO Plan provides an extension of benefits for disability or pregnancy, coverage under this plan will be extended. The extension will be for the same length of time and for the same conditions as the HMO Plan provides. It will not be longer than the first to occur of:

- The end of a 90 day period; and
- The date the person is not confined.

Any extension of dental benefits under this plan will not apply on or after the date of a change to an HMO Plan.

No benefits will be paid for any charges for services rendered or supplies furnished under an HMO Plan.

Effect of Prior Coverage — Transferred Business (GR-9N-32-040-01-NY)

If your coverage under any part of this plan replaces any prior coverage for you, the rules below apply to that part.

“Prior coverage” is any plan of group coverage that has been replaced by coverage under part or all of this plan; it must have been sponsored by your employer (e.g., transferred business). The replacement can be complete or in part for the eligible class to which you belong. Any such plan is prior coverage if provided by another group contract or any benefit section of this plan.

Coverage under any other section of this plan will be in exchange for all privileges and benefits provided under any like prior coverage. Any benefits provided under such prior coverage may reduce benefits payable under this plan.

If part or all of your **deductible** under any section of a prior **Aetna** Major or Comprehensive Medical Expense plan has been applied against covered medical expenses incurred by you, your **deductible** under any Comprehensive Medical Plan section of this plan will, for the calendar year in which you become covered, be reduced by the amount so applied. This will be done only if such expenses are incurred by you during:

- The calendar year in which you become covered under any Comprehensive Medical Plan section of this plan; or
- The last 3 months of the calendar year right before the year your coverage takes effect.

Glossary *

(GR-9N 34-005 01-NY)

In this section, you will find definitions for the words and phrases that appear in **bold type** throughout the text of this Booklet-Certificate.

A (GR-9N 34-010 01-NY) (GR-9N 34-005 01-NY)

Accident

This means a sudden; unexpected; and unforeseen; identifiable **occurrence** or event producing, at the time, objective symptoms of a bodily **injury**. The **accident** must occur while the person is covered under this Policy. The **occurrence** or event must be definite as to time and place. It must not be due to, or contributed by, an **illness** or disease of any kind.

Aetna

Aetna Life Insurance Company.

Ambulance

A vehicle that is staffed with medical personnel and equipped to transport an ill or injured person.

Average Wholesale Price (AWP)

The current **average wholesale price** of a **prescription drug** listed in the Facts and Comparisons weekly price updates (or any other similar publication designated by **Aetna**) on the day that a **pharmacy** claim is submitted for adjudication.

B (GR-9N 34-010 01-NY) (GR-9N 34-005 01-NY)

Behavioral Health Provider

A licensed facility, organization or **other health care** provider furnishing diagnostic and therapeutic services for treatment of alcoholism, drug abuse, **mental disorders** acting within the scope of the applicable license. This includes:

- **Hospitals;**
- Psychiatric **hospitals;**
- **Residential treatment facilities;**
- **Psychiatric physicians;**
- Psychologists;
- Social workers;
- Psychiatric nurses;
- Addictionologists; and
- Other alcoholism, drug abuse and mental health providers or groups, involved in the delivery of health care or ancillary services.

Birth Center

A freestanding facility that meets **all** of the following requirements:

- Meets licensing standards.
- Is set up, equipped and run to provide prenatal care, delivery and immediate postpartum care.
- Charges for its services.
- Is directed by at least one **physician** who is a **specialist** in obstetrics and gynecology.

- Has a **physician** or certified nurse midwife present at all births and during the immediate postpartum period.
- Extends staff privileges to **physicians** who practice obstetrics and gynecology in an area **hospital**.
- Has at least 2 beds or 2 birthing rooms for use by patients while in labor and during delivery.
- Provides, during labor, delivery and the immediate postpartum period, full-time **skilled nursing services** directed by an **R.N.** or certified nurse midwife.
- Provides, or arranges with a facility in the area for, diagnostic X-ray and lab services for the mother and child.
- Has the capacity to administer a local anesthetic and to perform minor surgery. This includes episiotomy and repair of perineal tear.
- Is equipped and has trained staff to handle **emergency medical conditions** and provide immediate support measures to sustain life if:
 - Complications arise during labor; or
 - A child is born with an abnormality which impairs function or threatens life.
- Accepts only patients with low-risk pregnancies.
- Has a written agreement with a **hospital** in the area for emergency transfer of a patient or a child. Written procedures for such a transfer must be displayed and the staff must be aware of them.
- Provides an ongoing quality assurance program. This includes reviews by **physicians** who do not own or direct the facility.
- Keeps a medical record on each patient and child.

Brand-Name Prescription Drug

A **prescription drug** with a proprietary name assigned to it by the manufacturer or distributor and so indicated by Medi-Span or any other similar publication designated by **Aetna** or an affiliate.

C (GR-9N 34-015 01-NY)

Coinsurance

Coinsurance is both the percentage of **covered expenses** that the plan pays, and the percentage of **covered expenses** that you pay. The percentage that the plan pays is referred to as “plan **coinsurance**” or the “payment percentage”, and varies by the type of expense. Please refer to the *Schedule of Benefits* for specific information on **coinsurance** amounts.

Coinsurance Limit

- **Coinsurance limit** is the maximum out-of-pocket amount you are responsible to pay for **coinsurance** for **covered expenses** during your calendar year. Once you satisfy the **coinsurance limit**, the plan will pay 100% of the **covered expenses** that apply toward the limit for the rest of the calendar year.

Copay or Copayment

The specific dollar amount or percentage required to be paid by you or on your behalf. The plan includes various **copayments**, and these **copayment** amounts or percentages are specified in the *Schedule of Benefits*.

Cosmetic

Services or supplies that alter, improve or enhance appearance.

Covered Expenses

Medical, dental, vision or hearing services and supplies shown as covered under this Booklet.

Creditable Coverage

A person's prior medical coverage as defined in the Health Insurance Portability and Accountability Act of 1996 (HIPAA).

Such coverage includes:

- Health coverage issued on a group or individual basis;
- Medicare;
- Medicaid;
- Health care for members of the uniformed services;
- A program of the Indian Health Service or tribal organization;
- A state health benefits risk pool;
- The Federal Employees' Health Benefit Plan (FEHBP);
- A public health plan (any plan established by a State, the government of the United States, or any subdivision of a State or of the government of the United States, or a foreign country);
- Any health benefit plan under Section 5(e) of the Peace Corps Act; and
- The State Children's Health Insurance Program (S-CHIP).

Custodial Care

This means services and supplies that are primarily intended to help you meet personal needs, such as transferring, eating, dressing, bathing, toileting and such other related activities. This includes board and room and other institutional care. You do not have to be disabled. Such services and supplies are **custodial care** without regard to:

- by whom they are prescribed;
- by whom they are recommended; or
- by whom they are performed.

D (GR-9N 34-020 01) (GR-9N 34-095 01-NY)

Day Care Treatment

A **partial confinement treatment** program to provide treatment for you during the day. The **hospital, psychiatric hospital or residential treatment facility** does not make a room charge for **day care treatment**. Such treatment must be available for at least 4 hours, but not more than 12 hours in any 24-hour period.

Deductible

The part of your **covered expenses** you pay before the plan starts to pay benefits. Additional information regarding **deductibles** and **deductible** amounts can be found in the *Schedule of Benefits*.

Deductible Carryover

This allows you to apply any **covered expense** incurred during the last 3 months of a calendar year that is applied toward this year's **deductible** to also apply toward the following year's **deductible**.

Dental Provider

This is:

- Any **dentist**;
- Group;
- Organization;

- Dental facility; or
- Other institution or person.

legally qualified to furnish dental services or supplies.

Dental Emergency

Any dental condition that:

- Occurs unexpectedly;
- Requires immediate diagnosis and treatment in order to stabilize the condition; and
- Is characterized by symptoms such as severe pain and bleeding.

Dentist

A legally qualified **dentist**, or a **physician** licensed to do the dental work he or she performs.

Detoxification

The process by which an alcohol-intoxicated or drug-intoxicated; or an alcohol-dependent or drug-dependent person is medically managed through the period of time necessary to eliminate, by metabolic or other means, the:

- Intoxicating alcohol or drug;
- Alcohol or drug-dependent factors; or
- Alcohol in combination with drugs;

as determined by a **physician**. The process must keep the physiological risk to the patient at a minimum, and take place in a facility that meets any applicable licensing standards established by the jurisdiction in which it is located.

Directory

A listing of all **network providers** serving the class of employees to which you belong. The policyholder will give you a copy of this **directory**. **Network provider** information is available through **Aetna's** online provider **directory**, DocFind®. You can also call the Member Services phone number listed on your ID card to request a copy of this **directory**.

Durable Medical and Surgical Equipment (DME)

Equipment, and the accessories needed to operate it, that is:

- Made to withstand prolonged use;
- Made for and mainly used in the treatment of a **illness** or **injury**;
- Suited for use in the home;
- Not normally of use to people who do not have a **illness** or **injury**;
- Not for use in altering air quality or temperature; and
- Not for exercise or training.

Durable medical and surgical equipment does not include equipment such as whirlpools, portable whirlpool pumps, sauna baths, massage devices, over bed tables, elevators, communication aids, vision aids and telephone alert systems.

E (GR-9N 34-025 01 NY)

Emergency Medical Condition

A recent and severe medical or behavioral condition, the onset of which is sudden, manifests itself by symptoms of sufficient severity, including (but not limited to) severe pain, which would lead a prudent layperson possessing an average knowledge of medicine and health, to believe that his or her condition, **illness**, or **injury** is of such a nature that failure to get immediate medical care could result in:

- Placing your health in serious jeopardy; or
- In the case of a behavioral condition, placing the health of such person, or others', in serious jeopardy; or
- Serious impairment to bodily function; or
- Serious dysfunction of a body part or organ; or
- Serious disfigurement of such person; or
- In the case of a pregnant woman, serious jeopardy to the health of the fetus.

Experimental or Investigational

A drug, a device, a procedure, or treatment will be determined to be **experimental or investigational** if:

- There are insufficient outcomes data available from controlled clinical trials published in the peer-reviewed literature to substantiate its safety and effectiveness for the **illness** or **injury** involved; or
- Approval required by the FDA has not been granted for marketing; or
- A recognized national medical or dental society or regulatory agency has determined, in writing, that it is **experimental or investigational**, or for research purposes; or
- It is a type of drug, device or treatment that is the subject of a Phase I or Phase II clinical trial or the experimental or research arm of a Phase III clinical trial, using the definition of "phases" indicated in regulations and other official actions and publications of the FDA and Department of Health and Human Services; or
- The written protocol or protocols used by the treating facility, or the protocol or protocols of any other facility studying substantially the same drug, device, procedure, or treatment, or the written informed consent used by the treating facility or by another facility studying the same drug, device, procedure, or treatment states that it is **experimental or investigational**, or for research purposes.

G (GR-9N 34-035 01)

Generic Prescription Drug

A **prescription drug**, whether identified by its chemical, proprietary, or non-proprietary name, that is accepted by the U.S. Food and Drug Administration as therapeutically equivalent and interchangeable with drugs having an identical amount of the same active ingredient and so indicated by Medispan or any other publication designated by **Aetna** or an affiliate.

Homebound

This means that you are confined to your place of residence:

- Due to an **illness** or **injury** which makes leaving the home medically contraindicated; or
- Because the act of transport would be a serious risk to your life or health.

Situations where you would not be considered **homebound** include (but are not limited to) the following:

- You do not often travel from home because of feebleness or insecurity brought on by advanced age (or otherwise); or
- You are wheelchair bound but could safely be transported via wheelchair accessible transportation.

Home Health Care Agency

An agency that meets all of the following requirements.

- Mainly provides skilled nursing and other therapeutic services.
- Is associated with a professional group (of at least one **physician** and one **R.N.**) which makes policy.
- Has full-time supervision by a **physician** or an **R.N.**
- Keeps complete medical records on each person.
- Has an administrator.
- Meets licensing standards.

Home Health Care Plan

This is a plan that provides for continued care and treatment of an **illness** or **injury**. The care and treatment must be:

- Prescribed in writing by the attending **physician**; and
- An alternative to a **hospital** or **skilled nursing facility stay**.

Hospice Care

This is care given to a **terminally ill** person by or under arrangements with a **hospice care agency**. The care must be part of a **hospice care program**.

Hospice Care Agency

An agency or organization that meets all of the following requirements:

- Has **hospice care** available 24 hours a day.
- Meets any licensing or certification standards established by the jurisdiction where it is located.
- Provides:
 - **Skilled nursing services**;
 - Medical social services; and
 - Psychological and dietary counseling.
- Provides, or arranges for, other services which include:
 - **Physician** services;
 - Physical and occupational therapy;
 - Part-time home health aide services which mainly consist of caring for **terminally ill** people; and
 - Inpatient care in a facility when needed for pain control and acute and chronic symptom management.
- Has at least the following personnel:
 - One **physician**;
 - One **R.N.**; and
 - One licensed or certified social worker employed by the agency.
- Establishes policies about how **hospice care** is provided.
- Assesses the patient's medical and social needs.
- Develops a **hospice care program** to meet those needs.
- Provides an ongoing quality assurance program. This includes reviews by **physicians**, other than those who own or direct the agency.
- Permits all area medical personnel to utilize its services for their patients.
- Keeps a medical record on each patient.
- Uses volunteers trained in providing services for non-medical needs.
- Has a full-time administrator.

Hospice Care Program

This is a written plan of **hospice care**, which:

- Is established by and reviewed from time to time by a **physician** attending the person, and appropriate personnel of a **hospice care agency**;
- Is designed to provide palliative and supportive care to **terminally ill** persons, and supportive care to their families; and
- Includes an assessment of the person's medical and social needs; and a description of the care to be given to meet those needs.

Hospice Facility

A facility, or distinct part of one, that meets all of the following requirements:

- Mainly provides inpatient **hospice care** to **terminally ill** persons.
- Charges patients for its services.
- Meets any licensing or certification standards established by the jurisdiction where it is located.
- Keeps a medical record on each patient.
- Provides an ongoing quality assurance program including reviews by **physicians** other than those who own or direct the facility.
- Is run by a staff of **physicians**. At least one staff **physician** must be on call at all times.
- Provides 24-hour-a-day nursing services under the direction of an **R.N.**
- Has a full-time administrator.

Hospital

This means a short-term, acute, general hospital which:

- Is primarily engaged in providing, by or under the continuous supervision of **physicians**, to inpatients, diagnostic services and therapeutic services for diagnostic, treatment and care of injured and sick persons;
- Has organized departments of medicine and major surgery;
- Has a requirement that every patient must be under the care of a **physician** or dentist;
- Provides 24 hour nursing service by or under the supervision of a registered professional nurse (R.N.);
- If located in New York State, has in effect a hospitalization review plan applicable to all patients which meets at least the standards set forth in Section 1861k of U.S. Public Law 89-97 (42 USCA 1395x(k));
- Is duly licensed by the agency responsible for licensing such hospitals;
- Makes charges; and
- Is not, other than incidentally, a place for rest, a place primarily for the treatment of tuberculosis, a place for the aged, a place for drug addicts, alcoholics, or a place for convalescent, custodial, educational or rehabilitative care.

Hospitalization

A continuous confinement as an inpatient in a **hospital** for which a **room and board** charge is made.

Illness (GR-9N 34-045 02)

A pathological condition of the body that presents a group of clinical signs and symptoms and laboratory findings peculiar to it and that sets the condition apart as an abnormal entity differing from other normal or pathological body states.

Infertile or Infertility

The condition of a presumably healthy covered person who is unable to conceive or produce conception after:

- For a woman who is 21 or more but less than 35 years of age: 1 year or more of timed, unprotected coitus, or 12 cycles of artificial insemination; or
- For a woman who is 35 years of age or older, but less than 45: 6 months or more of timed, unprotected coitus, or 6 cycles of artificial insemination.

Injury

An accidental bodily **injury** that is the sole and direct result of:

- An unexpected or reasonably unforeseen occurrence or event; or
- The reasonable unforeseeable consequences of a voluntary act by the person.
- An act or event must be definite as to time and place.

Institute of Excellence (IOE)

A **hospital** or other facility that has contracted with **Aetna** to furnish services or supplies to an **IOE** patient in connection with specific transplants at a **negotiated charge**. A facility is an **IOE** facility only for those types of transplants for which it has signed a contract.

J (GR-9N 34-050 01)

Jaw Joint Disorder (GR-9N 34-050 01)

This is:

- A Temporomandibular Joint (TMJ) dysfunction or any similar disorder of the jaw joint; or
- A Myofascial Pain Dysfunction (MPD); or
- Any similar disorder in the relationship between the jaw joint and the related muscles and nerves.

L (GR-9N 34-055 01)

Late Enrollee

This is an employee in an Eligible Class who requests enrollment under this Plan after the Initial Enrollment Period. In addition, this is an eligible dependent for whom the employee did not elect coverage within the Initial Enrollment Period, but for whom coverage is elected at a later time.

However, an eligible employee or dependent may not be considered a **Late Enrollee** under certain circumstances. See the *Special Enrollment Periods* section of the Booklet-Certificate.

Lifetime Maximum

This is the most the plan will pay for **covered expenses** incurred by any one covered person during their lifetime.

L.P.N.

A licensed practical or vocational nurse.

M (GR-9N 34-065 01-NY)

Mail Order Pharmacy

An establishment where **prescription drugs** are legally dispensed by mail or other carrier.

Maintenance Care

Care made up of services and supplies that:

- Are furnished mainly to maintain, rather than to improve, a level of physical, or mental function; and
- Provide a surrounding free from exposures that can worsen the person's physical or mental condition.

Maximum Out-of-Pocket Limit

Your plan has a **maximum out-of-pocket limit**. Your **deductibles, coinsurance**, and other eligible out-of-pocket expense apply to the **maximum out-of-pocket limit**. Once you satisfy the maximum amount the plan will pay 100% of **covered expenses** that apply toward the limit for the rest of the calendar year.

Medically Necessary or Medical Necessity

Health care or dental services, and supplies or **prescription drugs** that a **physician**, other health care provider or **dental provider**, exercising prudent clinical judgment, would provide to a patient for the purpose of preventing, evaluating, diagnosing or treating an **illness, injury**, disease or its symptoms, and that provision of the service, supply or **prescription drug** is:

- a) In accordance with generally accepted standards of medical or dental practice;
- b) Clinically appropriate, in terms of type, frequency, extent, site and duration, and considered effective for the patient's **illness, injury** or disease; and
- c) Not primarily for the convenience of the patient, **physician**, other health care or **dental provider**; and
- d) Not more costly than an alternative service or sequence of services at least as likely to produce equivalent therapeutic or diagnostic results as to the diagnosis or treatment of that patient's **illness, injury**, or disease.

For these purposes "generally accepted standards of medical or dental practice" means standards that are based on credible scientific evidence published in peer-reviewed literature generally recognized by the relevant medical or dental community, or otherwise consistent with **physician** or dental specialty society recommendations and the views of **physicians** or **dentists** practicing in relevant clinical areas and any other relevant factors.

Mental Disorder

An **illness** commonly understood to be a **mental disorder**, whether or not it has a physiological basis, and for which treatment is generally provided by or under the direction of a **behavioral health provider** such as a **psychiatric physician**, a psychologist or a psychiatric social worker. A **mental disorder** includes; but is not limited to:

- Alcoholism and substance abuse.
- Bipolar disorder.
- Major depressive disorder.
- Obsessive compulsive disorder.
- Panic disorder.
- Pervasive Mental Developmental Disorder (Autism).
- Psychotic depression.
- Schizophrenia.

For the purposes of benefits under this plan, **mental disorder** will include alcoholism and substance abuse only if any separate benefit for a particular type of treatment does not apply to alcoholism and substance abuse.

Negotiated Charge

The maximum charge a **network provider** has agreed to make as to any service or supply for the purpose of the benefits under this plan. The **negotiated charge** does not include or reflect any amount **Aetna** or an affiliate may receive under a rebate arrangement between **Aetna** or an affiliate and a drug manufacturer for any **prescription drug**, including **prescription drugs** on the **preferred drug guide**.

Network Advanced Reproductive Technology (ART) Specialist

A specialist **physician** who has entered into a contractual agreement with **Aetna** for the provision of covered **Advanced Reproductive Technology (ART)** services.

Network Provider

A health care provider, a **pharmacy** or **dental provider** who has contracted to furnish services or supplies for a **negotiated charge**; but only if the provider is, with **Aetna**'s consent, included in the **directory** as a **network provider** for:

- The service or supply involved; and
- The class of employees to which you belong.

Night Care Treatment

A **partial confinement treatment** program provided when you need to be confined during the night. A room charge is made by the **hospital, psychiatric hospital** or **residential treatment facility**. Such treatment must be available at least:

- 8 hours in a row a night; and
- 5 nights a week.

Non-Occupational Illness

A **non-occupational illness** is an **illness** that does not:

- Arise out of (or in the course of) any work for pay or profit; or
- Result in any way from an **illness** that does.

An **illness** will be deemed to be non-occupational regardless of cause if proof is furnished that the person:

- Is covered under any type of workers' compensation law; and
- Is not covered for that **illness** under such law.

Non-Occupational Injury

A **non-occupational injury** is an accidental bodily **injury** that does not:

- Arise out of (or in the course of) any work for pay or profit; or
- Result in any way from an **injury** which does.

Non-Preferred Drug (Non-Formulary)

A **prescription drug** that is not listed in the **preferred drug guide**. This includes **prescription drugs** on the **preferred drug guide exclusions list** that are approved by medical exception.

Non-Specialist

A **physician** who is not a **specialist**.

Non-Urgent Admission

An inpatient admission that is not an **emergency admission** or an **urgent admission**.

Occupational Injury or Occupational Illness

An **injury** or **illness** that:

- Arises out of (or in the course of) any activity in connection with employment or self-employment whether or not on a full time basis; or
- Results in any way from an **injury** or **illness** that does.

Occurrence

This means a period of disease or **injury**. An **occurrence** ends when 60 consecutive days have passed during which the covered person:

- Receives no medical treatment; services; or supplies; for a disease or **injury**; and
- Neither takes any medication, nor has any medication prescribed, for a disease or **injury**.

Orthodontic Treatment

This is any:

- Medical service or supply; or
- Dental service or supply;

furnished to prevent or to diagnose or to correct a misalignment:

- Of the teeth; or
- Of the bite; or
- Of the jaws or jaw joint relationship;

whether or not for the purpose of relieving pain.

The following are not considered **orthodontic treatment**:

- The installation of a space maintainer; or
- A surgical procedure to correct malocclusion.

Out-of-Network Provider

A health care provider, a **pharmacy** or **dental provider** who has not contracted with **Aetna** to furnish services or supplies at a **negotiated charge**.

Partial Confinement Treatment

A plan of medical, psychiatric, nursing, counseling, or therapeutic services to treat alcoholism, substance abuse, or **mental disorders**. The plan must meet these tests:

- It is carried out in a **hospital; psychiatric hospital** or **residential treatment facility**; on less than a full-time inpatient basis.
- It is in accord with accepted medical practice for the condition of the person.
- It does not require full-time confinement.
- It is supervised by a **psychiatric physician** who weekly reviews and evaluates its effect.
- **Day care treatment** and **night care treatment** are considered **partial confinement treatment**.

Pharmacy

An establishment where **prescription drugs** are legally dispensed. **Pharmacy** includes a retail **pharmacy**, **mail order pharmacy** and **specialty pharmacy network pharmacy**.

Physician

A duly licensed member of a medical profession who:

- Has an M.D. or D.O. degree;
- Is properly licensed or certified to provide medical care under the laws of the jurisdiction where the individual practices; and
- Provides medical services which are within the scope of his or her license or certificate.

This also includes a health professional who:

- Is properly licensed or certified to provide medical care under the laws of the jurisdiction where he or she practices;
- Provides medical services which are within the scope of his or her license or certificate;
- Under applicable insurance law is considered a “physician” for purposes of this coverage;
- Has the medical training and clinical expertise suitable to treat your condition;
- Specializes in psychiatry, if your **illness** or **injury** is caused, to any extent, by alcohol abuse, substance abuse or a mental disorder; and
- A physician is not you or related to you.

Precertification or Precertify

A process where **Aetna** is contacted before certain services are provided, such as **hospitalization** or outpatient surgery, or **prescription drugs** are prescribed to determine whether the services being recommended or the drugs prescribed are considered **covered expenses** under the plan. It is not a guarantee that benefits will be payable.

Preferred Drug Guide

A listing of **prescription drugs** established by **Aetna** or an affiliate, which includes both **brand name prescription drugs** and **generic prescription drugs**. This list is subject to periodic review and modification by **Aetna** or an affiliate. A copy of the **preferred drug guide** will be available upon your request or may be accessed on the **Aetna** website at www.Aetna.com/formulary.

Preferred Drug Guide Exclusions List

A list of **prescription drugs** in the **preferred drug guide** that are identified as excluded under the plan. This list is subject to periodic review and modification by **Aetna**.

Prescriber

Any **physician** or **dentist**, acting within the scope of his or her license, who has the legal authority to write an order for a **prescription drug**.

Prescription

An order for the dispensing of a **prescription drug** by a **prescriber**. If it is an oral order, it must be promptly put in writing by the pharmacy.

Prescription Drug

A drug, biological, or compounded **prescription** which, by State and Federal Law, may be dispensed only by **prescription** and which is required to be labeled “Caution: Federal Law prohibits dispensing without prescription.” This includes:

- An injectable drug prescribed to be self-administered or administered by any other person except one who is acting within his or her capacity as a paid healthcare professional. Covered injectable drugs include injectable insulin.

Psychiatric Hospital

This is an institution that meets all of the following requirements.

- Mainly provides a program for the diagnosis, evaluation, and treatment of alcoholism, substance abuse or **mental disorders**.
- Is not mainly a school or a custodial, recreational or training institution.
- Provides infirmary-level medical services. Also, it provides, or arranges with a **hospital** in the area for, any other medical service that may be required.
- Is supervised full-time by a **psychiatric physician** who is responsible for patient care and is there regularly.
- Is staffed by **psychiatric physicians** involved in care and treatment.
- Has a **psychiatric physician** present during the whole treatment day.
- Provides, at all times, **psychiatric** social work and nursing services.
- Provides, at all times, **skilled nursing services** by licensed nurses who are supervised by a full-time **R.N.**
- Prepares and maintains a written plan of treatment for each patient based on medical, psychological and social needs. The plan must be supervised by a **psychiatric physician**.
- Makes charges.
- Meets licensing standards.

Psychiatric Physician

This is a **physician** who:

- Specializes in psychiatry; or
- Has the training or experience to do the required evaluation and treatment of alcoholism, substance abuse or **mental disorders**.

Rehabilitation Facility

A facility, or a distinct part of a facility which provides **rehabilitative services**, meets any licensing or certification standards established by the jurisdiction where it is located, and makes charges for its services.

Rehabilitative Services

The combined and coordinated use of medical, social, educational and vocational measures for training or retraining if you are disabled by **illness** or **injury**.

Residential Treatment Facility (Alcoholism and Substance Abuse)

This is an institution that meets all of the following requirements:

- On-site licensed **Behavioral Health Provider** 24 hours per day/7 days a week.
- Provides a comprehensive patient assessment (preferably before admission, but at least upon admission).
- Is admitted by a **Physician**.
- Has access to necessary medical services 24 hours per day/7 days a week.
- If the member requires **detoxification** services, must have the availability of on-site medical treatment 24 hours per day/7days a week, which must be actively supervised by an attending **Physician**.

- Provides living arrangements that foster community living and peer interaction that are consistent with developmental needs.
- Offers group therapy sessions with at least an RN or Masters-Level Health Professional.
- Has the ability to involve family/support systems in therapy (required for children and adolescents; encouraged for adults).
- Provides access to at least weekly sessions with a **Psychiatrist** or psychologist for individual psychotherapy.
- Has peer oriented activities.
- Services are managed by a licensed **Behavioral Health Provider** who, while not needing to be individually contracted, needs to (1) meet the **Aetna** credentialing criteria as an individual practitioner, and (2) function under the direction/supervision of a licensed psychiatrist (Medical Director).
- Has individualized active treatment plan directed toward the alleviation of the impairment that caused the admission.
- Provides a level of skilled intervention consistent with patient risk.
- Meets any and all applicable licensing standards established by the jurisdiction in which it is located.
- Is not a Wilderness Treatment Program or any such related or similar program, school and/or education service.
- Ability to assess and recognize withdrawal complications that threaten life or bodily functions and to obtain needed services either on site or externally.
- 24-hours per day/7 days a week supervision by a **physician** with evidence of close and frequent observation.
- On-site, licensed **Behavioral Health Provider**, medical or **substance abuse** professionals 24 hours per day/7 days a week.

Residential Treatment Facility (Mental Disorders)

This is an institution that meets all of the following requirements:

- Has, on-site licensed **Behavioral Health Provider** 24 hours per day.
- Provides a comprehensive patient assessment.
- Provides living arrangements that foster community living and peer interaction that are consistent with developmental needs.
- Offers group therapy sessions.
- Has the ability to involve family/support systems in therapy.
- Provides access to at least weekly sessions with a **Psychiatrist** or psychologist for individual psychotherapy.
- Has peer oriented activities.
- Is managed by a licensed **Behavioral Health Provider** who functions under the direction and supervision of a **psychiatric physician**.
- Has individualized active treatment plan directed toward the alleviation of the impairment that caused the admission.
- Provides a level of skilled intervention consistent with patient risk.
- Provides active discharge planning initiated upon admission to the program.
- Meets any and all applicable licensing standards established by the jurisdiction in which it is located.

R.N.

A registered nurse.

Room and Board

Charges made by an institution for **room and board** and other **medically necessary** services and supplies. The charges must be regularly made at a daily or weekly rate.

S (GR-9N 34-095 02) (GR-9N 34-090 01-NY)

Self-injectable Drug(s)

Prescription drugs that are intended to be self-administered by injection to a specific part of the body to treat medical conditions.

Semi-Private Room Rate

The **room and board** charge that an institution applies to the most beds in its semi-private rooms with 2 or more beds. If there are no such rooms, **Aetna** will figure the rate based on the rate most commonly charged by similar institutions in the same geographic area.

Service Area

This is the geographic area, as determined by **Aetna**, in which **network providers** for this plan are located.

Skilled Nursing Facility

An institution that meets all of the following requirements:

- It is licensed to provide, and does provide, the following on an inpatient basis for persons convalescing from **illness or injury**:
 - Professional nursing care by an **R.N.**, or by a **L.P.N.** directed by a full-time **R.N.**; and
 - Physical restoration services to help patients to meet a goal of self-care in daily living activities.
- Provides 24 hour a day nursing care by licensed nurses directed by a full-time **R.N.**
- Is supervised full-time by a **physician** or an **R.N.**
- Keeps a complete medical record on each patient.
- Has a utilization review plan.
- Is not mainly a place for rest, for the aged, for drug addicts, for alcoholics, for mental retardates, for custodial or educational care, or for care of **mental disorders**.
- Charges patients for its services.
- An institution or a distinct part of an institution that meets all of the following requirements:
 - It is licensed or approved under state or local law.
 - Is primarily engaged in providing skilled nursing care and related services for residents who require medical or nursing care, or rehabilitation services for the rehabilitation of injured, disabled, or sick persons.
- Qualifies as a **skilled nursing facility** under Medicare or as an institution accredited by:
 - The Joint Commission on Accreditation of Health Care Organizations;
 - The Bureau of **Hospitals** of the American Osteopathic Association; or
 - The Commission on the Accreditation of Rehabilitative Facilities

Skilled nursing facilities also include rehabilitation **hospitals** (all levels of care, e.g. acute) and portions of a **hospital** designated for skilled or **rehabilitation services**.

Skilled nursing facility does not include:

- Institutions which provide only:
 - Minimal care;
 - Custodial care services;
 - Ambulatory; or
 - Part-time care services.
- Institutions which primarily provide for the care and treatment of alcoholism, **substance abuse** or **mental disorders**.

Skilled Nursing Services

Services that meet all of the following requirements:

- The services require medical or paramedical training.
- The services are rendered by an **R.N.** or **L.P.N.** within the scope of his or her license.
- The services are not custodial.

Specialist

A **physician** who practices in any generally accepted medical or surgical sub-specialty.

Specialist Dentist

Any **dentist** who, by virtue of advanced training is board eligible or certified by a Specialty Board as being qualified to practice in a special field of dentistry.

Specialty Care

Health care services or supplies that require the services of a **specialist**.

Specialty Pharmacy Network

A network of pharmacies designated to fill **self-injectable drug prescriptions**.

Stay

A full-time inpatient confinement for which a **room and board** charge is made.

Step Therapy

Procedures under which certain **prescription drugs** will be excluded from coverage, unless a first-line therapy drug(s) is used first by you. The list of step-therapy drugs is subject to change by **Aetna** or an affiliate. An updated copy of the list of drugs subject to **step therapy** shall be available upon request by you or may be accessed on the **Aetna** website at www.Aetna.com/formulary.

Substance Abuse

This is a physical or psychological dependency, or both, on a controlled substance or alcohol agent (These are defined on Axis I in the Diagnostic and Statistical Manual of **Mental Disorders (DSM)** published by the American Psychiatric Association which is current as of the date services are rendered to you or your covered dependents.) This term does not include conditions not attributable to a **mental disorder** that are a focus of attention or treatment (the V codes on Axis I of DSM); an addiction to nicotine products, food or caffeine intoxication.

Surgery Center

A freestanding ambulatory surgical facility that meets all of the following requirements:

- Meets licensing standards.
- Is set up, equipped and run to provide general surgery.
- Charges for its services.
- Is directed by a staff of **physicians**. At least one of them must be on the premises when surgery is performed and during the recovery period.
- Has at least one certified anesthesiologist at the site when surgery requiring general or spinal anesthesia is performed and during the recovery period.
- Extends surgical staff privileges to:
 - **Physicians** who practice surgery in an area **hospital**; and
 - **Dentists** who perform oral surgery.
- Has at least 2 operating rooms and one recovery room.
- Provides, or arranges with a medical facility in the area for, diagnostic x-ray and lab services needed in connection with surgery.

- Does not have a place for patients to **stay** overnight.
- Provides, in the operating and recovery rooms, full-time **skilled nursing services** directed by an **R.N.**
- Is equipped and has trained staff to handle **emergency medical conditions**.

Must have all of the following:

- A **physician** trained in cardiopulmonary resuscitation; and
- A defibrillator; and
- A tracheotomy set; and
- A blood volume expander.
- Has a written agreement with a **hospital** in the area for immediate emergency transfer of patients.
- Written procedures for such a transfer must be displayed and the staff must be aware of them.
- **Physicians** who do not own or direct the facility.
- Keeps a medical record on each patient.

Terminally Ill (Hospice Care)

Terminally ill means a medical prognosis of 6 months or less to live.

Therapeutic Drug Class

A group of drugs or medications that have a similar or identical mode of action or exhibit similar or identical outcomes for the treatment of a disease or **injury**.

U (*GR-9N-S-34-105-01*)

Urgent Admission

A **hospital** admission by a **physician** due to:

- The onset of or change in a **illness**; or
- The diagnosis of a **illness**; or
- An **injury**.
- The condition, while not needing an **emergency admission**, is severe enough to require confinement as an inpatient in a **hospital** within 2 weeks from the date the need for the confinement becomes apparent.

Urgent Care Provider

This is:

- A freestanding medical facility that meets all of the following requirements.
 - Provides unscheduled medical services to treat an **urgent condition** if the person's **physician** is not reasonably available.
 - Routinely provides ongoing unscheduled medical services for more than 8 consecutive hours.
 - Makes charges.
 - Is licensed and certified as required by any state or federal law or regulation.
 - Keeps a medical record on each patient.
 - Provides an ongoing quality assurance program. This includes reviews by **physicians** other than those who own or direct the facility.
 - Is run by a staff of **physicians**. At least one **physician** must be on call at all times.
 - Has a full-time administrator who is a licensed **physician**.

- A **physician's** office, but only one that:
 - Has contracted with **Aetna** to provide urgent care; and
 - Is, with **Aetna's** consent, included in the **directory** as a network **urgent care provider**.
- It is not the emergency room or outpatient department of a **hospital**.

Urgent Condition

This means a sudden **illness; injury**; or condition; that:

- Is severe enough to require prompt medical attention to avoid serious deterioration of your health;
- Includes a condition which would subject you to severe pain that could not be adequately managed without urgent care or treatment;
- Does not require the level of care provided in the emergency room of a hospital; and
- Requires immediate outpatient medical care that cannot be postponed until your physician becomes reasonably available.

Confidentiality Notice

Aetna considers personal information to be confidential and has policies and procedures in place to protect it against unlawful use and disclosure. By “personal information,” we mean information that relates to a member’s physical or mental health or condition, the provision of health care to the member, or payment for the provision of health care or disability or life benefits to the member. Personal information does not include publicly available information or information that is available or reported in a summarized or aggregate fashion but does not identify the member

When necessary or appropriate for your care or treatment, the operation of our health, disability or life insurance plans, or other related activities, we use personal information internally, share it with our affiliates, and disclose it to health care providers (doctors, dentists, pharmacies, hospitals and other caregivers), payors (health care provider organizations, employers who sponsor self-funded health plans or who share responsibility for the payment of benefits, and others who may be financially responsible for payment for the services or benefits you receive under your plan), other insurers, third party administrators, vendors, consultants, government authorities, and their respective agents. These parties are required to keep personal information confidential as provided by applicable law. In our health plans, participating network providers are also required to give you access to your medical records within a reasonable amount of time after you make a request.

Some of the ways in which personal information is used include claim payment; utilization review and management; medical necessity reviews; coordination of care and benefits; preventive health, early detection, vocational rehabilitation and disease and case management; quality assessment and improvement activities; auditing and anti-fraud activities; performance measurement and outcomes assessment; health, disability and life claims analysis and reporting; health services, disability and life research; data and information systems management; compliance with legal and regulatory requirements; formulary management; litigation proceedings; transfer of policies or contracts to and from other insurers, HMOs and third party administrators; underwriting activities; and due diligence activities in connection with the purchase or sale of some or all of our business. We consider these activities key for the operation of our health, disability and life plans. To the extent permitted by law, we use and disclose personal information as provided above without member consent. However, we recognize that many members do not want to receive unsolicited marketing materials unrelated to their health, disability and life benefits. We do not disclose personal information for these marketing purposes unless the member consents. We also have policies addressing circumstances in which members are unable to give consent.

To obtain a copy of our Notice of Privacy Practices, which describes in greater detail our practices concerning use and disclosure of personal information, please call the toll-free Member Services number on your ID card or visit our Internet site at www.aetna.com.

Additional Information Provided by

Booz Allen Hamilton

The following information is provided to you in accordance with the Employee Retirement Income Security Act of 1974 (ERISA). It is not a part of your booklet-certificate. Your Plan Administrator has determined that this information together with the information contained in your booklet-certificate is the Summary Plan Description required by ERISA.

In furnishing this information, Aetna is acting on behalf of your Plan Administrator who remains responsible for complying with the ERISA reporting rules and regulations on a timely and accurate basis.

Name of Plan:

Medical, Dental and Prescription drug plan

Employer Identification Number:

36-2513626

Plan Number:

504

Type of Plan:

Welfare

Type of Administration:

Group Insurance Policy with:

Aetna Life Insurance Company
151 Farmington Avenue
Hartford, CT 06156

Plan Administrator:

Booz Allen Hamilton
8283 Greensboro Drive
McLean, VA 22102-3838

Telephone Number:

Agent For Service of Legal Process:

Booz Allen Hamilton
8283 Greensboro Drive
McLean, VA 22102-3838

Service of legal process may also be made upon the Plan Administrator

End of Plan Year:

Decemeber 31

Source of Contributions:

Employer

Procedure for Amending the Plan:

The Employer may amend the Plan from time to time by a written instrument signed by Plan Administrator.

ERISA Rights

As a participant in the group insurance plan you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974. ERISA provides that all plan participants shall be entitled to:

Receive Information about Your Plan and Benefits

Examine, without charge, at the Plan Administrator's office and at other specified locations, such as worksites and union halls, all documents governing the Plan, including insurance contracts, collective bargaining agreements, and a copy of the latest annual report (Form 5500 Series) that is filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.

Obtain, upon written request to the Plan Administrator, copies of documents governing the operation of the Plan, including insurance contracts, collective bargaining agreements, and copies of the latest annual report (Form 5500 Series), and an updated Summary Plan Description. The Administrator may make a reasonable charge for the copies.

Receive a summary of the Plan's annual financial report. The Plan Administrator is required by law to furnish each participant with a copy of this summary annual report.

Receive a copy of the procedures used by the Plan for determining a qualified domestic relations order (QDRO) or a qualified medical child support order (QMCSO).

Continue Group Health Plan Coverage

Continue health care coverage for yourself, your spouse, or your dependents if there is a loss of coverage under the Plan as a result of a qualifying event. You or your dependents may have to pay for such coverage. Review this summary plan description and the documents governing the Plan for the rules governing your COBRA continuation coverage rights.

Reduction or elimination of exclusionary periods of coverage for preexisting conditions under your group health plan, if you have creditable coverage from another plan. You should be provided a certificate of creditable coverage, free of charge, from your group health plan or health insurance issuer when you lose coverage under the Plan, when you become entitled to elect COBRA continuation coverage, when your COBRA continuation coverage ceases, if you request it before losing coverage, or if you request it up to 24 months after losing coverage. Without evidence of creditable coverage, you may be subject to preexisting condition exclusion for 12 months after your enrollment date in your coverage under this Plan. Contact your Plan Administrator for assistance in obtaining a certificate of creditable coverage.

Prudent Actions by Plan Fiduciaries

In addition to creating rights for plan participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan. The people who operate your Plan, called "fiduciaries" of the Plan, have a duty to do so prudently and in your interest and that of other plan participants and beneficiaries. No one, including your employer, your union, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a welfare benefit or exercising your rights under ERISA.

Enforce Your Rights

If your claim for a welfare benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA there are steps you can take to enforce the above rights. For instance, if you request materials from the Plan and do not receive them within 30 days you may file suit in a federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Administrator.

If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or federal court. In addition, if you disagree with the Plan's decision or lack thereof concerning the status of a domestic relations order or a medical child support order, you may file suit in a federal court.

If it should happen that plan fiduciaries misuse the Plan's money or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor or you may file suit in a federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

Assistance with Your Questions

If you have any questions about your Plan, you should contact the Plan Administrator.

If you have any questions about this statement or about your rights under ERISA, you should contact:

- the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory; or
- the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue, N.W., Washington D.C. 20210.

You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

Statement of Rights under the Newborns' and Mothers' Health Protection Act

Under federal law, group health plans and health insurance issuers offering group health insurance coverage generally may not restrict benefits for any hospital length of stay in connection with childbirth for the mother or newborn child to less than 48 hours following a vaginal delivery, or less than 96 hours following a delivery by cesarean section. However, the plan or issuer may pay for a shorter stay if the attending provider (e.g., your physician, nurse midwife, or physician assistant), after consultation with the mother, discharges the mother or newborn earlier.

Also, under federal law, plans and issuers may not set the level of benefits or out-of-pocket costs so that any later portion of the 48-hour (or 96-hour) stay is treated in a manner less favorable to the mother or newborn than any earlier portion of the stay.

In addition, a plan or issuer may not, under federal law, require that you, your physician, or other health care provider obtain authorization for prescribing a length of stay of up to 48 hours (or 96 hours). However, you may be required to obtain precertification for any days of confinement that exceed 48 hours (or 96 hours). For information on precertification, contact your plan administrator.

Notice Regarding Women's Health and Cancer Rights Act

Under this health plan, coverage will be provided to a person who is receiving benefits for a medically necessary mastectomy and who elects breast reconstruction after the mastectomy for:

- (1) reconstruction of the breast on which a mastectomy has been performed;
- (2) surgery and reconstruction of the other breast to produce a symmetrical appearance;
- (3) prostheses; and
- (4) treatment of physical complications of all stages of mastectomy, including lymphedemas.

This coverage will be provided in consultation with the attending physician and the patient, and will be subject to the same annual deductibles and coinsurance provisions that apply for the mastectomy.

If you have any questions about our coverage of mastectomies and reconstructive surgery, please contact the Member Services number on your ID card.

ECAP Benefits and Retirement Payments for Officers

Booz Allen Officers who are eligible (after one year of service and age 21 or older) to participate in employer contributions to the Booz Allen Hamilton Employees' Capital Accumulation Plan (ECAP) will receive tax-qualified contributions to their ECAP accounts each year as part of the firm's annual profit sharing contribution. The firm's annual profit sharing contribution is determined each year in the firm's sole discretion. Historically, this contribution has been 10% of their Eligible Compensation up to the IRS Eligible Compensation Limit and 5.7% of their Eligible Compensation above the Social Security Wage Base. The amount of the firm's annual profit sharing contribution that can be paid into such Officers' ECAP accounts is subject to IRS limitations on employer contributions to tax-qualified plans.

In addition, each year the firm makes a non-tax qualified payment to all Officers who are eligible to receive employer contributions to their ECAP account. Specifically, each eligible Officer will receive a cash payment equal to the full amount of the firm's annual profit sharing contribution for the year that would have been paid into the Officer's ECAP account without regard to the IRS-imposed limitations on tax-qualified contributions, minus the sum of (i) the amount of the firm's profit sharing contribution that was actually paid into the Officer's ECAP account for the year plus (ii) the maximum amount the Officer could have contributed voluntarily to ECAP for the year. The firm will then apply a 23% investment incentive against this non-tax qualified payment amount to arrive at the total "non-tax qualified payment" for the year. This payment, including the 23% investment incentive, will be paid in cash to each eligible Officer following the end of the year and is subject to immediate taxation.

The firm also makes a cash payment to each Officer that is equivalent to the annual tax-deferred contribution the individual is permitted to make to ECAP under the Internal Revenue Code. For 2010, that amount is \$16,500 for individuals under age 50 and \$22,000 for individuals age 50 and older.

For the purpose of calculating the annual non-tax qualified payment, "Eligible Compensation" will be determined by multiplying the total points held by each Officer during the plan year by the value assigned to such points, regardless of how the compensation derived from this calculation is delivered (i.e. base draw, cash bonus, and equity bonus).

**MassMutual**The Blue Chip Company SM
Massachusetts Mutual Life Insurance Company
Springfield, MA 01111-0001**Group Flexible Premium Adjustable Life Insurance Policy
With Variable Rider**

POLICY WITH RIDERHOLDER	CITIZENS BANK OF RHODE ISLAND, AS TRUSTEE OF THE STRATEGIC GROUP UNIVERSAL LIFE TRUST
INSURER	MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY
EFFECTIVE DATE	JANUARY 1, 1998
STATE OF ISSUE	RHODE ISLAND
POLICY WITH RIDER NUMBER	002

INSURING AGREEMENT

This policy with rider is issued to the Policy With Riderholder named above. It is a legal contract between the Policy With Riderholder and us. The Insurer agrees to pay the benefits set forth in this policy with rider with respect to plan members. This agreement is made in return for any required applications and the payment of premiums as stated in this policy with rider. In this policy with rider, the words "we," "us," and "our" refer to Massachusetts Mutual Life Insurance Company.

The following pages explain the terms of this agreement. Those pages, and the attached application for this policy with rider, are a part of this agreement. For ease of reference, in this policy with rider the term "certificate with rider" is often used to refer to insurance values or benefits provided under this policy with rider which is evidenced by the issuance of a certificate with rider.

This policy with rider is delivered in the state named above. That jurisdiction's laws shall govern this policy with rider.

The effective date of this policy with rider is shown above. On that date, this policy with rider takes effect at 12:01 a.m. standard time at the Policy With Riderholder's principal place of business.

As evidence of this agreement, the Insurer's officers have signed this policy with rider at Springfield, Massachusetts.

President

Secretary

Group Flexible Premium Adjustable Life Insurance Policy With Variable Rider

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Policy With Rider Summary

This Summary briefly describes some of the major provisions of this policy with rider which are shown in the certificate with rider. Since this Summary does not go into detail, the actual provisions will control. See those provisions for full information and any limits that may apply. The "Where To Find It" on the inside of the back cover shows where these provisions may be found.

This policy with rider provides insurance on certain employees of the Employer. The insurance provided is variable life insurance. We will pay a death benefit if an individual Insured dies while the insurance is in force. "In force" means that the insurance on the Insured has not terminated. "Variable" means that all values which depend on the investment performance of the Separate Account shown on the Schedule Page are not guaranteed as to dollar amount.

Premiums for this insurance are flexible. After the minimum initial premium has been paid, there is no requirement that any specific amount of premium be paid on any date. Instead, within the limits stated in the certificate with rider, any amount may be paid on any date before the death of the Insured.

Premiums are applied to increase the value of the certificate with rider. Monthly charges are deducted from the value of the certificate with rider each month. If there is not enough value to pay the monthly charges for one month, the insurance will terminate at the end of 61 days. There is, however, a right to reinstate the insurance.

There are other rights available while the Insured is living. These include:

- The right to assign the certificate with rider.
- The right to change the Owner or any Beneficiary.
- The right to fully surrender the insurance.
- The right to make withdrawals.
- The right to make loans.
- The right to increase or decrease the Selected Face Amount.
- The right to allocate net premiums among the Guaranteed Principal Account and the divisions of the Separate Account.
- The right to transfer values among the Guaranteed Principal Account and the divisions of the Separate Account.
- The right to change the Death Benefit Option.

The policy with rider also describes a number of Payment Options. These provide alternate ways to pay the death benefit or the amount payable upon full surrender.

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MassMutual

The Blue Chip Company SM
Massachusetts Mutual Life Insurance Company
Springfield, MA 01111-0001

Group Flexible Premium Adjustable Life Insurance Policy With Variable Rider

Notice Of Annual Meeting

The Policy With Riderholder is hereby notified that by virtue of this policy he, she or it is a member of Massachusetts Mutual Life Insurance Company and is entitled to vote either in person or by proxy at any and all meetings of said Company. The annual meetings are held at its Home Office, in Springfield, Massachusetts, on the second Wednesday of April in each year at 2 o'clock p.m.

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Part 1. The Basics Of This Policy With Rider

In this Part we discuss some insurance concepts that are necessary to understand this policy with rider.

The Parties Involved — Insurer, Policy With Riderholder, Employer, Owner, Insured, Beneficiary, Irrevocable Beneficiary

The **Insurer** is the Massachusetts Mutual Life Insurance Company. In this policy, the words “we,” “us,” and “our” refer to the Massachusetts Mutual Life Insurance Company.

The **Policy With Riderholder** is shown on the front cover of this policy with rider.

Employer is an employer, association, sponsoring organization or trust who has become a participant in the Trust by:

- Executing a Participation Agreement; and
- Meeting the conditions for participation that are specified in that Agreement. This includes applying for insurance under the policy for certain of the employer’s employees who meet eligibility requirements established by the Employer.

An **Owner** is the person who owns a Group Flexible Premium Adjustable Life Insurance Certificate With Rider, as shown on our records.

An **Insured** is the person on whose life the certificate with rider is issued.

A **Beneficiary** is any person named on our records to receive insurance proceeds after the Insured dies. There may be different classes of Beneficiaries, such as primary and secondary. These classes set the order of payment. There may be more than one Beneficiary in a class.

Example: *Debbie is named as primary (first) Beneficiary. Anne and Scott are named as Beneficiaries in the secondary class. If Debbie is alive when the Insured dies, she receives the death benefit. But if Debbie is dead and Anne and Scott are alive when the Insured dies, Anne and Scott receive the death benefit.*

Any Beneficiary may be named an **Irrevocable Beneficiary**. An Irrevocable Beneficiary is one whose consent is needed to change that Beneficiary. Also, this Beneficiary must consent to the exercise of certain other rights.

Group Life Insurance Certificates With Riders

Group Life Insurance Certificates With Riders issued under this policy with rider are referred to as “certificates with riders.” We will issue a certificate with rider to the Owner for each Insured under this policy with rider. The certificate with rider shall set forth the insurance provided under this policy with rider on the life of the Insured. The certificate with rider will disclose to whom the insurance benefits are payable. Any policy with rider terms, limits, and rights as may pertain to the Insured and Owner will be shown.

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Dates — Certificate Date, Certificate Anniversary Date, Certificate Year, Rider Add-On Date, Issue Date, Paid-up Certificate Date, Monthly Calculation Date, Valuation Date, Valuation Period, Valuation Time

The **Certificate Date** is shown on the Schedule Page of the certificate with rider. It is the starting point for determining **Certificate Anniversary Dates** and **Certificate Years**. The first Certificate Anniversary Date is one year after the Certificate Date. The period from the Certificate Date to the first Certificate Anniversary Date, or from one Certificate Anniversary Date to the next, is called a Certificate Year. The **Rider Add-On Date** is also shown on the Schedule Page. It is the date that the variable rider was added to the certificate.

Example: *The Certificate Date is June 10, 19X1. The first Certificate Anniversary Date is June 10, 19X2. The period from June 10, 19X1 through June 9, 19X2 is a Certificate Year.*

The **Issue Date** is also shown on the Schedule Page of the certificate with rider. The Issue Date is used to determine the start of the suicide and contestability periods. We discuss contestability below. See Part 5 for a discussion of the suicide exclusion.

The **Paid-up Certificate Date** is also shown on the Schedule Page of the certificate with rider. It is the Certificate Anniversary Date after the Insured's 100th birthday. On this Date and at all times thereafter, the Selected Face Amount will equal the account value and the Death Benefit Option will be Death Benefit Option A. Monthly charges will continue to be deducted from the account value of the certificate with rider but mortality charges will equal \$0. Premium payments will no longer be accepted. The payment of premiums does not guarantee that the certificate with rider will continue in force to the Paid-up Certificate Date.

The **Monthly Calculation Date** is the monthly date on which the monthly charges for the certificate with rider are due. The first Monthly Calculation Date is the Certificate Date. Subsequent Monthly Calculation Dates are the same day of each month thereafter.

A **Valuation Date** is any date on which the New York Stock Exchange (or its successor) is open for trading. A **Valuation Period** is the period of time from the end of one Valuation Date to the end of the next Valuation Date. A **Valuation Time** is the time the New York Stock Exchange (or its successor) closes on a Valuation Date. All actions which are to be performed on a Valuation Date will be performed as of the Valuation Time.

Entire Contract

This policy with rider is a legal contract between the Policy With Riderholder and us.

The term "application" as it applies to the certificate with rider shall mean any enrollment form(s) or application(s) for the certificate with rider.

The entire contract consists of:

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- This policy with rider and the application for it;
- The applications for the certificates with riders; and
- Any rider(s) attached to any certificates with riders issued under this policy with rider.

In any application, rider, or other form attached to a certificate with rider:

- The word “policy with rider” as it applies to a certificate with rider shall mean “certificate with rider”;
- The words “Policy Date” as they apply to a certificate with rider shall mean “Certificate Date”; and
- The words “Policy Anniversary Date” as they apply to a certificate with rider shall mean “Certificate Anniversary Date.”

We have issued this policy with rider in return for the application for it. We will issue certificates with riders in return for the application and the payment of premiums for the certificate with rider. Any change or waiver of the terms of this policy with rider or any certificate with rider under this policy with rider must be in writing mad signed by our Secretary or an Assistant Secretary to be effective.

Eligibility

The requirements to be eligible for insurance under this policy with rider are set forth by the Employer.

Effective Date

The effective date of this policy with rider is shown on the front cover of this policy with rider.

An eligible employee shall be insured under this policy with rider as of the date described in the application for insurance on that employee. However, the effective date of the insurance on an eligible employee must be on or after the date of the Participation Agreement signed by the Employer.

Termination Of The Policy With Rider

This policy with rider will terminate without the right of reinstatement on the date the coverage ends for the last remaining Insured under this policy with rider.

Discontinuance of Policy With Rider

This policy with rider will be discontinued if:

- the Policy With Riderholder gives us 30 days written notice requesting that the policy with rider be discontinued; or
- we give the Policy With Riderholder written notice of discontinuance at least 30 days prior to the date we discontinue the policy with rider.

If the policy with rider is discontinued by us or the Policy With Riderholder, the party who initiated the discontinuance will send a notice to each Owner of record, at the Owner’s last known address, at least 15 days prior to the date of discontinuance.

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No additional persons will be accepted for insurance after the date of discontinuance.

Continuation Of Insurance

If this policy with rider is discontinued or if the Insured becomes disassociated from the Employer, any insurance then in effect will remain in force, provided it is not fully surrendered by the Owner. All insurance that is continued will be automatically changed from deduction of wages to a direct billing status. Certificate with rider premiums will then be payable directly to us.

Representations And Contestability

We rely on all statements made by or for the Insured in the application(s) for any certificate with rider issued under this policy with rider. Those statements are considered to be representations and not warranties. We reserve the right to bring legal action to contest the validity of the insurance described in a certificate with rider, or any increase in the Selected Face Amount applied for after the Issue Date, for any material misrepresentation of a fact. To do so, however, the misrepresentation must have been made in the application, or in a supplemental application to increase the Selected Face Amount, and a copy of the application must have been attached to the certificate with rider when issued, or made a part of the certificate with rider when the increase in the Selected Face Amount became effective.

Except for any increase in the Selected Face Amount applied for after the Issue Date, we can not contest the validity of the insurance described in a certificate with rider after the certificate has been in force during the lifetime of the Insured for a period of two years from its Issue Date. We can not contest the validity of any increase in the Selected Face Amount applied for after the Issue Date once the certificate has been in effect during the lifetime of the Insured for a period of two years.

Misstatement Of Age

If the Insured's date of birth as given in the application is not correct, an adjustment will be made. If the adjustment is made when the Insured dies, the death benefit will reflect the amount provided by the most recent mortality charge according to the correct age. If the adjustment is made before the Insured dies, then future monthly deductions will be based on the correct age.

Meaning Of In Force

"In force" means that the insurance provided by the certificate with rider has not terminated. The certificate will be in force from its Issue Date or, if later, the date the first premium for the certificate is paid.

The certificate with rider will continue in force to the Insured's death if:

- The account value less any certificate with rider debt is sufficient to cover the monthly charges due on each Monthly Calculation Date; and
- Certificate with rider debt does not exceed the account value; and
- The certificate with rider is not fully surrendered.

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The factors which can affect the certificate with rider's account value include:

- The amount and timing of premium payments.
- Any withdrawals or transfers of values.
- Any changes in any riders.
- Any changes in the Selected Face Amount.
- Any outstanding certificate with rider debt.
- Any changes in the Death Benefit Option.
- The monthly charges deducted from the account value.
- The interest earned on the fixed account value.
- The net investment experience of the Separate Account for the certificate with rider.

Each of these factors is discussed in detail elsewhere in the certificate with rider.

Home Office

Our Home Office is in Springfield, Massachusetts. The address is Massachusetts Mutual Life Insurance Company, Springfield, Massachusetts 01111-0001.

Part 2. Premium Payments

Premiums are the payments that may be paid to us to purchase life insurance and to increase the account value of the certificate with rider.

Minimum Initial Premium, Modal Term, Modal Term Premium

The **Minimum Initial Premium** for the certificate with rider is shown on the Schedule Page for the certificate with rider.

The **Modal Term** selected by the Employer forms the basis for the billing cycle for a certificate. The Employer may select a monthly, quarterly, semi-annual or annual Modal Term. The Employer may change the selected Modal Term at any time by written request to Us. If an Insured becomes disassociated from the Employer, we will send the billing statements directly to the Owner. When an Insured becomes disassociated from the Employer, the Owner will be vested in all policy rights previously held by the Employer, including the right to change the Modal Term to any mode but monthly.

The **Modal Term Premium** is an estimate of the premium that will be sufficient to pay the monthly charges for the Modal Term. The Modal Term Premium equals the sum of the monthly charges during the Modal Term divided by 1 less the total percentage we deduct from a premium to equal a Net Premium discounted at a rate not lower than the minimum annual interest rate. In calculating the Mortality Charge, it is assumed that the amount of insurance that requires a charge is equal to the Selected Face Amount divided by 1 plus the monthly equivalent of the minimum annual interest rate.

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Premium Flexibility And Premium Notices

After the minimum initial premium for a certificate with rider has been paid, there is no requirement that any amount of premium be paid on any date. Subject to the **Right To Refund Premiums** provision in this Part, while the certificate with rider is in force any amount of premium may be paid at any time before the death of the Insured.

We will also send notice of any premium needed to prevent termination of the certificate with rider. Premium notices will be sent only while the certificate with rider is in force.

Payment of premiums does not guarantee that the certificate with rider will continue in force.

Where To Pay Premiums

All premiums are payable to us at our Home Office or at the place shown for payment on the premium notice. Upon request, a receipt signed by our Secretary or an Assistant Secretary will be given for any premium payment.

Right To Refund Premiums

We have the right to promptly refund any amount of premium paid for the certificate with rider if application of that premium to the certificate with rider's account value would increase the amount of insurance that requires a charge. See the **Monthly Charges** provision in Part 3 for a discussion of the amount of insurance that requires a charge.

Part 3. Accounts, Values, And Charges

A certificate with rider provides that certain values (referred to as the "variable account values") are based on the investment performance of the Separate Account and are not guaranteed as to dollar amount. A certificate with rider also provides that other values (referred to as the "fixed account values") are based on the interest credited to the Guaranteed Principal Account. The account value of a certificate with rider is the variable account value plus the fixed account value. This Part gives information about the Separate Account, the Guaranteed Principal Account, and the values and charges connected with them.

Net Premium

A net premium is a premium we receive for a certificate with rider less the charges we deduct at that time. Net premium, expressed as a percentage of a premium we receive, is shown on the Schedule Page.

Allocation Of Net Premiums

The allocation of each net premium we receive will be in whole percentages and will be subject to any net premium allocation limitations stated on the Schedule Page of the certificate with rider.

Each net premium we receive before the Right To Return period expires will be allocated to the Guaranteed Principal Account. The Right To Return period is explained on the front cover of the certificate with rider.

Upon the expiration of the Right To Return period, we will allocate the certificate with rider's value among the Guaranteed Principal Account and

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the divisions of the Separate Account. *This allocation will be in accordance with the net premium allocation in effect and subject to the allocation limitations stated on the Schedule Page of the certificate with rider.*

Each net premium we receive after the Right To Return period expires will be allocated among the Guaranteed Principal Account and the divisions of the Separate Account. *This allocation will be in accordance with the net premium allocation in effect and subject to the allocation limitations stated on the Schedule Page of the certificate with rider.*

The net premium allocation specified in the application will remain in effect until changed by any later written election satisfactory to us and received at our Home Office. *Any change in the allocation specified in the application will be subject to the allocation limitations stated on the Schedule Page of the certificate with rider.*

The Separate Account

The Separate Account shown on the Schedule Page of the certificate with rider is a separate investment account.

The Separate Account has several divisions. Each division invests in shares of an investment fund. The divisions and the investment funds available to the Owner are shown on the Schedule Page of the certificate with rider.

The values of the assets in the divisions are variable and are not guaranteed. They depend on the investment results of the Separate Account shown on the Schedule Page of the certificate with rider.

We own the assets of the Separate Account. Those assets will be used only to support variable life insurance policies. A portion of the assets equal to the reserves and other liabilities of the Separate Account will not be charged with liabilities that arise from any other business we may conduct. However, we may transfer assets that exceed the reserves and other liabilities of the Separate Account to our general account. Income, gains, and losses, whether or not realized, from each division of the Separate Account are credited to or charged against that division without regard to any of our other income, gains, or losses.

Changes In The Separate Account

We have the right to establish additional divisions of the Separate Account, and to establish other investment options, from time to time. Amounts credited to any additional divisions established would be invested in shares of other Funds. For any division, we have the right to substitute new Funds or merge existing Funds. We also have the right to eliminate any existing division of the Separate Account or any other investment option.

Subject to applicable provisions of federal securities laws, we have the right to change the investment policy of any division of the Separate Account subject to the approval of the insurance supervisory official of the state of domicile of Massachusetts Mutual Life Insurance Company.

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If required, the process for obtaining approval of a material change from the applicable regulatory authority will be filed with the insurance supervisory official of the state where this policy with rider is delivered. Further, if required, we will notify the Owner if the applicable regulatory authority approves any material change.

We reserve the right to operate the Separate Account as a managed investment company under the Investment Company Act of 1940 or in any other form permitted by law.

Accumulation Units

Accumulation units are used to measure the variable account value of a certificate with rider. The value of a unit is determined as of the Valuation Time on each Valuation Date for valuation of the Separate Account. The value of any unit can vary from Valuation Date to Valuation Date. That value reflects the investment performance of the division of the Separate Account applicable to that unit.

Purchase And Sale Of Accumulation Units

Accumulation units will be purchased or sold at the unit value as of the Valuation Time on the Valuation Date of purchase or sale. Accumulation unit value is discussed in Part 7.

Example: *The amount applied is \$550. The date of purchase is June 10, 19X4. The accumulation unit value on that date is \$10. The number of units purchased would be 55 (\$550 divided by \$10 = 55). If instead, the unit value was \$11, then the amount applied would purchase 50 units (\$550 divided by \$11 = 50).*

If we receive a premium or a written request that causes us to purchase or sell accumulation units, and we receive that premium or request before the Valuation Time on a Valuation Date, accumulation units will be purchased or sold as of that Valuation Date. Otherwise, accumulation units will be purchased or sold as of the next following Valuation Date.

At the Owner's request, we will purchase or sell accumulation units as of a later Valuation Date.

Account Value Of Certificate With Rider

The account value of a certificate with rider on any date is the variable account value of the certificate with rider plus the fixed account value of the certificate with rider, both determined as of that date.

Variable Account Value Of Certificate With Rider

The variable account value of the certificate with rider reflects:

- The net premiums allocated to the Separate Account for the certificate with rider;
- Any amounts transferred into the Separate Account for the certificate with rider from the Guaranteed Principal Account;
- Any amounts transferred and withdrawn from the Separate Account for the certificate with rider;
- Any monthly charges deducted from the Separate Account for the certificate with rider; and

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- The net investment experience of the Separate Account for the certificate with rider.

Net premiums, transfers, withdrawals, and monthly deductions are all reflected in the variable account value through the purchase or sale of accumulation units. The net investment experience is reflected in the value of the accumulation units. Net premiums and monthly deductions are discussed in this Part 3. Transfers and withdrawals are discussed in Part 4.

The value of a certificate with rider's accumulation units in a division of the Separate Account is equal to the accumulation unit value in that division on the date the value is determined, multiplied by the number of those units in that division. How accumulation unit values are determined is discussed in Part 7.

The variable account value of a certificate with rider on any date is the total of the values on that date of the certificate with rider's accumulation units in each division of the Separate Account.

Fixed Account Value Of Certificate With Rider

The fixed account value of a certificate with rider is the accumulation at interest of:

- The net premiums allocated to the Guaranteed Principal Account for the certificate with rider; plus
- Any amounts transferred into the Guaranteed Principal Account for the certificate with rider from the Separate Account; less
- Any amounts transferred and withdrawn from the Guaranteed Principal Account for the certificate with rider; and less
- Any monthly charges deducted from the Guaranteed Principal Account for the certificate with rider.

The Guaranteed Principal Account

The Guaranteed Principal Account, also referred to as the fixed account, is part of our general investment account. It has no connection with, and does not depend on, the investment performance of the Separate Account.

We have the right to establish additional guaranteed principal accounts from time to time.

Interest On Fixed Account Value

The fixed account value of a certificate with rider earns interest at a rate not less than the minimum annual interest rate for the Guaranteed Principal Account shown in the Basis Of Computation section on the Schedule Page. Interest is earned daily.

For any fixed account value equal to any certificate with rider loan, the interest rate we use will be the daily equivalent of the loan interest rate less a declared charge which is guaranteed not to exceed 1.25% annually.

For any fixed account value in excess of an amount equal to any certificate with rider loan, the interest rate we use will be the daily equivalent of a rate declared by us.

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Monthly Charges

Monthly charges will be deducted from the account value of a certificate with rider. These charges are due on each Monthly Calculation Date.

Monthly charges will be taken from the Guaranteed Principal Account until exhausted and then from the divisions of the Separate Account in proportion to the values of the certificate with rider in each of those divisions. For each Monthly Calculation Date, deductions will be made, and values will be determined, on the Valuation Date which is on, or next follows, the latest of:

- The date we receive the initial premium for the Certificate;
- The Monthly Calculation Date; and
- The date we receive the amount of premium needed to prevent termination in accordance with the **Grace Period And Termination** provision in this Part.

Deductions from the Separate Account are made by selling accumulation units at their value on the Valuation Date determined above.

We assess monthly charges of three types:

1. **Administrative Charge.** The amount of this charge will be determined by us. In no case, however, will it be greater than the maximum charge shown in the Other Information section of the Schedule Page of the certificate with rider.
2. **Mortality Charge.** The amount of this charge will be determined by us. The maximum monthly mortality charges for each \$1,000 of insurance that requires a charge are shown in the Table Of Maximum Monthly Mortality Charges of the certificate with rider.

We have the right to charge less than the maximum charges shown in the Table. Any change in these charges will apply to all individuals who are in the same class. The amount of insurance that requires a charge is determined as follows. This computation is made as of the date the charge is deducted. All amounts are computed as of that date.

- a. We compute the certificate with rider's account value after all additions and deductions other than the deduction of the mortality charge.
- b. We determine the amount of benefit under the Death Benefit Option in effect (as discussed in the **Death Benefit Options** provision in Part 5). The Minimum Face Amount used here is based on the account value computed in (a) above.
- c. We divide the amount of benefit determined in (b) above by an amount equal to 1 plus the monthly equivalent (expressed as a decimal fraction) of the minimum annual interest rate for the Guaranteed Principal Account shown in the Basis Of

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Computation section on the Schedule Page of the certificate with rider.

d. We subtract the account value, as computed in (a) above, from the amount determined in (c) above. The result is the amount of insurance that requires a charge.

3. **Rider Charge.** The monthly charges for any rider are shown in a table of charges for that rider.

Grace Period And Termination

If the account value less any certificate with rider debt is not enough to pay the monthly charges due on a Monthly Calculation Date, we allow a grace period for payment of the amount of premium needed to increase the account value so that the monthly deduction can be made. This grace period begins on the date the deduction is due. It ends 61 days after that date or, if later, 30 days after we have mailed a written notice to the Owner at the last known address shown on our records. This notice will state the amount required to increase the account value to cover the charges.

During the grace period, the certificate with rider will continue in force. The certificate with rider will terminate without value if we do not receive payment of the required amount by the end of the grace period.

Part 4. Life Benefits

Life insurance provides a death benefit if the Insured dies while the certificate with rider is in force. There are also rights and benefits that are available before the Insured dies. These "Life Benefits" are discussed in this Part.

Certificate With Rider Ownership

Rights Of Owner

While the Insured is living, the Owner may exercise all rights given by the certificate with rider or allowed by us. These rights include assigning the certificate with rider, changing Beneficiaries, changing Ownership, enjoying all certificate with rider benefits and exercising all certificate with rider options.

The consent of any Irrevocable Beneficiary is needed to exercise any certificate with rider right except the right to reinstate the certificate with rider after termination.

Assignment

This policy with rider may not be assigned.

A certificate with rider may be assigned with our consent. But for any assignment to be binding on us, we must receive a signed copy of it at our Home Office. We will not be responsible for the validity of any assignment.

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Once we receive a signed copy of and give our consent to an assignment, the rights of the Owner and the interest of any Beneficiary or any other person will be subject to the assignment. An assignment is subject to any certificate with rider debt. See "Borrowing On The Certificate With Rider" in this Part for a discussion of certificate with rider debt.

Changing The Owner Or Beneficiary

The Owner or any Beneficiary may be changed during the Insured's lifetime. We do not limit the number of changes that may be made. To make a change, a written request satisfactory to us must be received at our Home Office. The change will take effect as of the date the request is signed, even if the Insured dies before we receive it. Each change will be subject to any payment we made or other action we took before receiving the request.

Transfers Of Values

Transfers of a certificate with rider's values are subject to the limitations stated on the Schedule Page of the certificate with rider. Subject to those limitations, transfers may be made upon written direction satisfactory to us received at our Home Office. These transfers are:

- Transfers of values between divisions of the Separate Account. These transfers will be made by selling all or part of the accumulation units in a division and applying the value of the units sold to purchase units in any other division.
- Transfers of values from one or more divisions of the Separate Account to the Guaranteed Principal Account. These transfers will be made by selling all or part of the accumulation units in a division and applying the value of the units sold to the Guaranteed Principal Account.
- Transfers of values from the Guaranteed Principal Account to one or more divisions of the Separate Account. These transfers will be made by applying all or part of the value in the Guaranteed Principal Account to purchase accumulation units in one or more divisions of the Separate Account.

Transfers will be as of the Valuation Date specified in the Purchase And Sale Of Accumulation Units provision in Part 3. All transfers made on one Valuation Date will be considered one transfer.

The Certificate With Rider's Share In Dividends

Certificate With Rider Is Participating

A certificate with rider is participating, which means it may share in any dividends we pay.

Each year we determine how much money can be paid as dividends. This is called divisible surplus. We then determine how much of this divisible surplus is to be allocated to the certificate with rider. This determination is based on the certificate with rider's contribution to divisible surplus. Since we do not expect the certificate with rider to contribute to divisible surplus, we do not expect that any of that surplus will be available for allocation to the certificate with rider. If any dividends are allocated to the

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certificate with rider, they will be payable on Certificate Anniversary Dates.

How Dividends May Be Used

Dividends may be used in a number of ways. These are called dividend options. A dividend option may be elected in the application. It may be changed at a later time. Although we do not expect that any dividends will be payable on the certificate with rider, there are four basic dividend options.

Cash — Dividends will be paid in cash.

Dividend Accumulations — Dividends will be added to the account value. Dividends will be allocated among the Guaranteed Principal Account and the divisions of the Separate Account as directed for net premiums.

Paid-Up Additions — Dividends will be used to buy additional level paid-up insurance.

Reduce Monthly Deductions — Dividends will be used to reduce the monthly deductions we make from the account value to pay the monthly charges.

Dividends will be applied as paid-up additions if no option is elected.

Dividend After Death

If the Insured dies after the first Certificate Year, the death benefit will include a pro rata share of any dividend allocated to the certificate with rider for the Year death occurs.

Surrendering The Certificate With Rider And Making Withdrawals

Right To Surrender

The certificate with rider may be fully surrendered for its cash surrender value at any time while the Insured is living. Surrender will be effective on the date we receive the certificate with rider and a written surrender request satisfactory to us at our Home Office. A later effective date may be elected in the surrender request.

Cash Surrender Value

The cash surrender value of a certificate with rider is equal to the account value less any certificate with rider debt.

Making Withdrawals

A withdrawal may also be referred to as a partial surrender. While the Insured is living, withdrawals may be made from a certificate with rider as of any Monthly Calculation Date after six months from the Certificate Date. The request for a withdrawal must be written and satisfactory to us. It must state the Account (or Accounts) from which the withdrawal will be made. For any withdrawal from the Separate Account, the request must also state the division (or divisions) from which the withdrawal will be made.

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The amount of a withdrawal includes the withdrawal charge that applies. Withdrawals from the Guaranteed Principal Account will be made by reducing the value in that Account to provide the amount of the withdrawal. Withdrawals from a division (or divisions) of the Separate Account will be made by selling a sufficient number of accumulation units to provide the amount of the withdrawal. Each withdrawal will be subject to the following rules:

- The minimum amount of a withdrawal is \$500;
- A withdrawal charge of up to 2% of the amount of the withdrawal, but not more than \$25, will be deducted from the amount of the withdrawal; and
- An amount equal to certificate with rider debt plus one plus the number of Monthly Calculation Dates remaining in the Modal Term multiplied by the most recent monthly charge made for the certificate with rider must remain in the Guaranteed Principal Account; and
- The maximum total withdrawal amount cannot exceed the account value less certificate with rider debt less one plus the number of Monthly Calculation Dates remaining in the Modal Term multiplied by the most recent monthly charge made for the certificate with rider.

Unless we receive evidence of insurability satisfactory to us, the Selected Face Amount for the current Certificate Year will be reduced upon withdrawal as needed to prevent an increase in the amount of insurance that requires a charge. A new Schedule Page will be sent to the Owner to reflect these changes.

Example: *The Owner makes a withdrawal without furnishing us satisfactory evidence of insurability. Just before the withdrawal, the certificate with rider has a Selected Face Amount of \$50,000 and an account value of \$20,000. The Minimum Face Amount Percentage for the current Certificate Year is 200%. Under Death Benefit Option A, the amount of insurance that requires a charge is \$50,000 minus \$20,000, or \$30,000. If you make a withdrawal of \$5,000, the account value would be reduced to \$15,000. The amount of insurance that requires a charge would otherwise be increased to \$35,000 (\$50,000 - \$15,000). However, the Selected Face Amount will be reduced instead to \$45,000 and the amount of insurance that requires a charge will remain \$30,000. (For simplicity, in this example the minimum annual interest rate is assumed to be zero.)*

How We Pay

Any withdrawal made will be paid in one sum. However, if the entire certificate with rider is fully surrendered, the cash surrender value may be paid in one sum, or it may be applied under any payment option elected. See Part 6.

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We may delay paying any full surrender or withdrawal value from the Guaranteed Principal Account for up to six months from the date the request (and the certificate with rider, if needed) is received at our Home Office.

We may delay paying any full surrender or withdrawal value from the Separate Account during any period that:

- The New York Stock Exchange (or its successor) is closed, except for normal weekend or holiday closings, or trading is restricted; or
- The Securities and Exchange Commission (or its successor) determines that a state of emergency exists; or
- The Securities and Exchange Commission (or its successor) permits us to delay payment for the protection of our certificate with rider owners; or
- We are permitted by state law to delay such payment.

If payment is delayed for 30 days or more, interest will be added. The amount of interest will be the same as would be paid for the same period of time under Option D of the payment options. See Part 6 for a description of Option D.

Borrowing On The Certificate With Rider

Right To Make Loans

Loans can be made on a certificate with rider at any time after six months from the Certificate Date while the Insured is living. However, the certificate with rider must be properly assigned to us before the loan is made. No other collateral is needed. We refer to all outstanding loans plus accrued interest as "certificate with rider debt."

Effect Of Loan

A loan is attributed to each division of the Separate Account and to the Guaranteed Principal Account in proportion to the values of the certificate with rider in each of those divisions and in the Guaranteed Principal Account (excluding any outstanding certificate with rider debt plus an amount equal to one plus the number of Monthly Calculation Dates remaining in the Modal Term multiplied by the most recent monthly charge made for the certificate with rider) at the time of the loan. The amount of the loan attributed to each division of the Separate Account will be transferred to the Guaranteed Principal Account. Any such transfer is made by selling accumulation units in the division and applying the value of those units to the Guaranteed Principal Account on the date the loan is made. Any interest added to the loan will be treated as a new loan under this provision.

The amount equal to any outstanding certificate with rider loans will be held in the Guaranteed Principal Account, and will earn interest as described in the **Interest On Fixed Account Value** provision.

Maximum Loan Available

For any certificate with rider, the maximum amount that can be borrowed on any date is equal to:

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- 90% of the certificate with rider's account value on that date; less
- Any outstanding certificate with rider debt; less
- Interest on the loan being made and on any outstanding certificate debt to the next Certificate Anniversary Date; less
- An amount equal to one plus the number of Monthly Calculation Dates remaining in the Modal Term multiplied by the most recent monthly charge made for the certificate with rider.

Interest

Interest is not due in advance. This interest accrues (builds up) each day and becomes part of the certificate with rider debt as it accrues.

Interest is due on each Certificate Anniversary Date. If interest is not paid when due, it will be added to the loan and will bear interest at the rate payable on the loan.

Example: *You have a loan of \$1,000. The interest due on the Certificate Anniversary Date is \$60. If it is not paid on that date, we will add it to the existing loan. The loan will then be \$1,060 and interest will be charged on this amount from then on.*

The type of interest rate on any loan is elected by the Employer and cannot be changed. Two types of available interest rates available are:

1. A fixed loan interest rate of 6% per year; and
2. An adjustable loan rate. Such an annual rate is set by us. This rate may change from year to year. Each year we will set the rate that will apply for the next Certificate Year.

Each year there is a maximum limit on the interest rate we can set. That limit is based on a Published Monthly Average. That Average will be:

- The Monthly Average Corporates yield shown in Moody's Corporate Bond Yield Averages, as published by Moody's Investors Service, Inc., or any successor to that Service; or
- If that Monthly Average is no longer published, a substantially similar average, established by regulation issued by the insurance supervisory official of the state where this policy with rider was delivered.

The maximum limit is the Published Monthly Average for the calendar month ending two months before the Certificate Year begins, or the annual interest rate shown in the Basis Of Computation on the Schedule Page of the certificate with rider plus 1%, whichever is higher.

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Example: A Certificate Year begins on June 10, 19X1. The calendar month ending two months before that date is March. The loan interest rate for the Certificate Year beginning June 10, 19X1 will not be greater than the Published Monthly Average for March, 19X1. However, if the Basis Of Computation's annual interest rate (plus 1%) is higher than the Average, then that rate (plus 1%) will be the maximum loan interest rate for that Certificate Year.

If the maximum limit for a Certificate Year is at least 1/2% higher than the rate in effect for the previous year, we may increase the rate to not more than that limit.

If the maximum limit for a Certificate Year is at least 1/2% lower than the rate in effect for the previous year, we must decrease the rate to not more than that limit. Interest is not due in advance. This interest accrues (builds up) each day and becomes part of the certificate debt as it accrues.

The type of interest rate on any loan is shown on the Schedule Page of the certificate with rider.

Certificate With Rider Debt Limit

Certificate with rider debt (including accrued interest) may not equal or exceed the certificate with rider's account value. If this limit is reached, we can terminate the certificate with rider. To terminate for this reason we must mail written notice to the Owner and any assignee shown on our records at their last known addresses. This notice will state an amount that will bring the certificate with rider debt back within the limit. If we do not receive payment within 30 days after the date we mailed the notice, the certificate with rider will terminate without value at the end of those 30 days.

Repayment Of Certificate With Rider Debt

All or part of any certificate with rider debt may be repaid at any time while the certificate with rider is in force and the Insured is living.

Any repayment of certificate with rider debt will result in the transfer of certificate with rider values equal to the repayment out of the Guaranteed Principal Account and the application of those values to each division of the Separate Account and to the Guaranteed Principal Account in proportion to the values of the certificate with rider in each of those divisions and in the Guaranteed Principal Account (excluding any outstanding certificate with rider loans) at the time of the repayment.

Other Borrowing Rules

We may delay the granting of any loan amount attributable to the Guaranteed Principal Account for up to six months.

We may delay the granting of any loan amount attributable to the Separate Account during any period that:

- The New York Stock Exchange (or its successor) is closed, except for normal weekend or holiday closings, or trading is restricted; or

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- The Securities and Exchange Commission (or its successor) determines that a state of emergency exists; or
- The Securities and Exchange Commission (or its successor) permits us to delay payment for the protection of our certificate with rider owners; or
- We are permitted by state law to delay such payment.

Reinstating The Certificate With Rider

When Reinstatement Can Be Made

After a certificate with rider has terminated, it may be reinstated — that is, put back in force. However, the certificate with rider cannot be reinstated if it has been fully surrendered for its cash surrender value. Reinstatement must be made within 5 years after the date of termination and during the Insured's lifetime.

Requirements To Reinstatement

Evidence of insurability satisfactory to us is required to reinstate. A premium is also required as a cost to reinstate. That premium must be no less than the amount necessary to produce a certificate with rider account value equal to three times the monthly charges due on the Monthly Calculation Date which is on, or next follows, the date of reinstatement.

Changes In The Selected Face Amount

Increases In The Selected Face Amount

While the certificate with rider is in force, the Selected Face Amount may be increased upon written application. Evidence of insurability, satisfactory to us, may be required for each increase. Any increase must be for at least \$5,000, unless we establish a lower minimum. A lower minimum may be established by the Employer and us in the Participation Agreement.

Any increase in the Selected Face Amount will be effective on the Monthly Calculation Date which is on, or next follows, the later of.

- The date 15 days after a written request for such change has been received and approved by us; or
- The requested effective date of the change.

Mortality charges for each increase are determined and deducted from the certificate with rider's account value in accordance with the **Monthly Charges** provision. These charges will be deducted from the certificate with rider's account value beginning on the effective date of the increase.

Limitations On Increases

No increase in the Selected Face Amount can become effective after the Certificate Anniversary Date after the Insured's 75th birthday.

Evidence Of Increases

If the Selected Face Amount is increased we will send an amended Schedule Page reflecting that increase. However, we have the right to require that the certificate with rider be sent to us so that the increase can be made.

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Decreases In The Selected Face Amount

While the certificate with rider is in force, the Selected Face Amount may be decreased upon written application satisfactory to us. The resulting Selected Face Amount after decrease must be at least \$50,000. Any requested decrease in the Selected Face Amount will be effective on the Monthly Calculation Date which is on, or next follows, the later of:

- The date 15 days after a written request for such change has been received and approved by us; or
- The requested effective date of the change.

A requested decrease in the Selected Face Amount is allowed only once per Certificate Year.

Right To Amend

Amending The Certificate With Rider

A certificate with rider may be amended from time to time as may be required to meet the definition of "life insurance" under the Internal Revenue Code.

In particular, if the Minimum Face Amount of the certificate with rider is less than that required for the certificate with rider to be considered "life insurance," the Minimum Face Amount may be increased. The amount of the increase cannot be more than that needed to qualify the certificate with rider as "life insurance."

Evidence of insurability is not needed to amend the certificate with rider in accordance with this provision. However, a written request to amend will be required. A cost to amend may also be required. No amendment will become effective until the written request satisfactory to us is received at our Home Office and any required cost has been paid.

Reports To Owner

Annual Report

Each year, within 30 days after the Certificate Anniversary Date, we will mail a report to the Owner. There will be no charge for this report. This report will show the account value at the beginning of the previous Certificate Year and all premiums paid since that time. It will also show the additions to, and deductions from, the account value during that Year, and the account value, death benefit, cash surrender value, and certificate with rider debt as of the last Certificate Anniversary Date.

This report will also include any additional information required by applicable law or regulation.

Illustrative Report

In addition to the annual report, we will, upon request after the first Certificate Year, send an illustrative report of projected values to the Owner. We will not charge a fee for providing an illustrative report on an annual basis. However, if the Owner requests illustrative reports more frequently, we may charge a reasonable fee, but only for those additional reports.

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Part 5. The Death Benefit

The death benefit is the amount of money we will pay when we receive due proof at our Home Office that the Insured died while the certificate with rider was in force. We discuss the death benefit in this Part.

Amount Of Death Benefit

If the Insured dies while the certificate with rider is in force, the death benefit will be the amount of benefit provided by the Death Benefit Option in effect on the date of death, with these adjustments:

- We add the part of any monthly charge that applies to a period beyond the date of death; and
- We deduct:
 - Any certificate with rider debt outstanding on the date of death; and
 - Any unpaid monthly charges to the date of death.

Death Benefit Options

Two Death Benefit Options, described below, are available under a certificate with rider. The Death Benefit Option and the Selected Face Amount are shown on the Schedule Page of the certificate with rider. The Minimum Face Amount is discussed in the next provision.

Death Benefit Option A — Under this Option, the amount of benefit is the greater of:

- The Selected Face Amount in effect on the date of death; and
- The Minimum Face Amount in effect on the date of death.

Death Benefit Option B — Under this Option, the amount of benefit is the greater of:

- The Selected Face Amount in effect on the date of death plus the certificate with rider's account value on the date of death; and
- The Minimum Face Amount in effect on the date of death.

Minimum Face Amount

In order to qualify as life insurance under the federal tax laws in effect on the Issue Date of a certificate with rider, the certificate with rider has a Minimum Face Amount. The Minimum Face Amount on any date is a percentage of the certificate with rider's account value on that date. The percentage for each Certificate Year is shown in the Table Of Minimum Face Amount Percentages in the certificate with rider.

Example: *The Minimum Face Amount is determined on June 10, 19X1. The account value on that date is \$50,000. The last Certificate Anniversary Date was May 2, 19X1. If the applicable Minimum Face Amount Percentage for the Certificate Year beginning May 2, 19X1 is 280%, then the Minimum Face Amount is 280% of \$50,000, or \$140,000.*

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Changes In The Death Benefit Option

While the certificate with rider is in force, the Death Benefit Option may be changed by the Owner's written request. Any change from Death Benefit Option A to Death Benefit Option B will require evidence of insurability satisfactory to us.

Any change in the Death Benefit Option will take effect on the Certificate Anniversary Date on, or next following, the later of:

- The date 15 days after a written request for such change has been received and approved by us; or
- The requested effective date of the change.

When We Pay

The death benefit will be paid within seven days after the date we receive due proof of the Insured's death, and any other requirements necessary for us to make payment, at our Home Office. However, we may delay payment of the death benefit during any period that:

- The New York Stock Exchange (or its successor) is closed, except for normal weekend or holiday closings, or trading is restricted; or
- The Securities and Exchange Commission (or its successor) determines that a state of emergency exists; or
- The Securities and Exchange Commission (or its successor) permits us to delay payment for the protection of our certificate with rider owners; or
- We are permitted by state law to delay such payment.

Interest On Death Benefit

If the death benefit is paid in one sum, we will add interest from the date of death to the date of payment. The amount of interest will be the same as would be paid under Option D of the payment options for that period of time but not less than that required by law. See Part 6 for a description of Option D.

If the death benefit is applied under a payment option, interest will be paid from the date of death to the effective date of that option. It will be paid in one sum to the Beneficiary living on that effective date. The amount of interest will be the same as would be paid under Option D for that period of time but not less than that required by law.

Suicide Exclusion

Except for any increases in the Selected Face Amount applied for after the Issue Date of the certificate, we will pay a limited death benefit if the Insured commits suicide, while sane or insane, within two years from the Issue Date and while the certificate with rider is in force. The limited death benefit will be the amount of premiums paid for the certificate with rider, less any certificate with rider debt and amounts withdrawn.

For any increases in the Selected Face Amount applied for after the Issue Date of the certificate, we will pay a limited death benefit if the Insured commits suicide, while sane or insane, within two years from the effective date of the increase and while it is in force. The limited death benefit will be the monthly deductions made for that increase. However, if the limited

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death benefit as described in the preceding paragraph is payable, there will be no death benefit for the increase.

Any limited death benefit will be paid in one sum to the Beneficiary.

Part 6. Payment Options

These are Optional Methods Of Settlement. They provide alternate ways in which payment can be made.

Availability Of Options

All or part of the death benefit or cash surrender value may be applied under any payment option. If the certificate with rider is assigned, any amount due to the assignee will be paid in one sum. The balance, if any, may be applied under any payment option.

Minimum Amounts

If the amount to be applied under any option for any one person is less than \$2,000, we may pay that amount in one sum instead. If the payments under any option come to less than \$20 each, we have the right to make payments at less frequent intervals.

Description Of Options

Our payment options are described below. Any other payment option agreed to by us may be elected. The payment options are described in terms of monthly payments. Annual, semiannual, or quarterly payments may be requested instead. The amount of these payments will be determined in a way which is consistent with monthly payments and will be quoted on request.

Option A

Fixed Amount Payment Option. Each monthly payment will be for an agreed fixed amount. The amount of each payment may not be less than \$10 for each \$1,000 applied. Interest will be credited each month on the unpaid balance and added to it. This interest will be at a rate determined by us, but not less than the equivalent of 3% per year. Payments continue until the amount we hold runs out. The last payment will be for the balance only.

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Option B

Fixed Time Payment Option. Equal monthly payments will be made for any period selected, up to 30 years. The amount of each payment depends on the total amount applied, the period selected and the monthly payment rates we are using when the first payment is due. The rate of any payment will not be less than shown in the Option B Table.

Option B Table
Minimum Monthly Payment Rates For Each \$1,000 Applied

Years	Monthly Payment
1	\$ 84.47
2	42.86
3	28.99
4	22.06
5	17.91
6	15.14
7	13.16
8	11.68
9	10.53
10	9.61
11	8.86
12	8.24
13	7.71
14	7.26
15	6.87
16	\$ 6.53
17	6.23
18	5.96
19	5.73
20	5.51
21	5.32
22	5.15
23	4.99
24	4.84
25	4.71
26	4.59
27	4.47
28	4.37
29	4.27
30	4.18

For quarterly payment, multiply by 2.993. For semiannual payment, multiply by 5.963. For annual payment, multiply by 11.839.

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Option C

Lifetime Payment Option. Equal monthly payments are based on the life of a named person. Payments will continue for the lifetime of that person. The three variations are:

- (1) **Payments for life only.** No specific number of payments is guaranteed. Payments stop when the named person dies.
- (2) **Payments guaranteed for amount applied.** Payments stop when they equal the amount applied or when the named person dies, whichever is later.
- (3) **Payments guaranteed for 5, 10 or 20 years.** Payments stop at the end of the selected guaranteed period or when the named person dies, whichever is later.

The Option C Table shows the minimum monthly payment for each \$1,000 applied. The actual payments will be based on the monthly payment rates we are using when the first payment is due. They will not be less than shown in the Table.

Option C Table
Minimum Monthly Payment Rates For Each \$1,000 Applied

Age*	Payments For Life Only	Amount Applied	Payments Guaranteed For		
			5 Years	10 Years	20 Years
40	\$3.30	\$3.25	\$3.29	\$3.28	\$3.27
45	3.47	3.41	3.46	3.45	3.43
50	3.69	3.60	3.68	3.67	3.62
55	3.96	3.83	3.95	3.93	3.85
60	4.31	4.13	4.30	4.27	4.14
65	4.77	4.49	4.75	4.70	4.44
70	5.41	4.96	5.38	5.26	4.77
75	6.30	5.56	6.21	5.96	5.07
80	7.50	6.31	7.30	6.77	5.30
85	9.16	7.29	8.72	7.64	5.43

* Age on birthday nearest due date of the first payment. Monthly payment rates for ages not shown will be furnished on request. Monthly payment rates for ages over 85 are the same as those for 85.

Option D

Interest Payment Option. We will hold any amount applied under this option. Interest on the unpaid balance will be paid each month at a rate determined by us. This rate will be not less than the equivalent of 3% per year.

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Option E

Joint Lifetime Payment Option. Equal monthly payments are based on the lives of two named persons. While both are living, one payment will be made each month. When one dies, the same payment will continue for the lifetime of the other. The two variations are:

- (1) **Payments for two lives only.** No specific number of payments is guaranteed. Payments stop when both named persons have died.
- (2) **Payments guaranteed for 10 years.** Payments stop at the end of 10 years, or when both named persons have died, whichever is later.

The Option E Table shows the minimum monthly payment for each \$1,000 applied. The actual payments will be based on the monthly payment rates we are using when the first payment is due. They will not be less than shown in the Table.

Option E Table
Minimum Monthly Payment Rates For Each \$1,000 Applied

Payments For Two Lives Only

Age*	55	60	65	70	75	80
55	\$3.53	\$3.64	\$3.72	\$3.80	\$3.85	\$3.89
60	3.64	3.78	3.91	4.03	4.12	4.18
65	3.72	3.91	4.10	4.27	4.42	4.54
70	3.80	4.03	4.27	4.52	4.76	4.97
75	3.85	4.12	4.42	4.76	5.11	5.44
80	3.89	4.18	4.54	4.97	5.44	5.92
85	3.91	4.23	4.63	5.12	5.71	6.36

Payments Guaranteed For 10 Years

Age*	55	60	65	70	75	80
55	\$3.52	\$3.63	\$3.71	\$3.79	\$3.84	\$3.88
60	3.63	3.77	3.90	4.02	4.11	4.17
65	3.71	3.90	4.09	4.26	4.41	4.53
70	3.79	4.02	4.26	4.51	4.75	4.94
75	3.84	4.11	4.41	4.75	5.08	5.38
80	3.88	4.17	4.53	4.94	5.38	5.82
85	3.90	4.22	4.61	5.08	5.62	6.19

* Age on birthday nearest the due date of the first payment. Monthly payment rates for ages not shown will be furnished on request. Monthly payment rates for ages over 85 are the same as those for 85.

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Option F

Joint Lifetime Payment Option With Reduced Payments. Monthly payments are based on the lives of two named persons. Payments will continue while both are living. When one dies, payments are reduced by one-third and will continue for the lifetime of the other. Payments stop when both persons have died.

The Option F Table shows the minimum monthly payment for each \$1,000 applied. The actual payments will be based on the monthly payment rates we are using when the first payment is due. They will not be less than shown in the Table.

Option F Table
Minimum Monthly Payment Rates For Each \$1,000 Applied

Age*	55	60	65	70	75	80
55	\$3.80	\$3.94	\$4.10	\$4.28	\$4.47	\$4.66
60	3.94	4.11	4.30	4.51	4.73	4.96
65	4.10	4.30	4.52	4.77	5.05	5.33
70	4.28	4.51	4.77	5.08	5.42	5.77
75	4.47	4.73	5.05	5.42	5.85	6.30
80	4.66	4.96	5.33	5.77	6.30	6.88
85	4.86	5.19	5.61	6.13	6.77	7.51

* Age on birthday nearest the due date of the first payment. Monthly payment rates for ages not shown will be furnished on request. Monthly payment rates for ages over 85 are the same as those for 85.

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Electing A Payment Option

To elect any option, we require that a written request, satisfactory to us, be received at our Home Office. The Owner may elect an option during the Insured's lifetime. If the death benefit is payable in one sum when the Insured dies, the Beneficiary may elect an option with our consent.

Options for any amount payable to an association, corporation, partnership or fiduciary are available with our consent. However, a corporation or partnership may apply any amount payable to it under Option C, E, or F if the option payments are based on the life or lives of the Insured, the Insured's spouse, any child of the Insured, or any other person agreed to by us.

Effective Date And Payment Dates

The effective date of an option is the date the amount is applied under that option. For a death benefit, this is the date that due proof of the Insured's death is received at our Home Office. For the cash surrender value, it is the effective date of surrender.

The first payment is due on the effective date, except the first payment under Option D is due one month later. A later date for the first payment may be requested in the payment option election. All payment dates will fall on the same day of the month as the first one. No payment will become due until a payment date. No part payment will be made for any period shorter than the time between payment dates.

Example: *Monthly payments of \$100 are being made to your son on the 1st of each month. He dies on the 10th. No part payment is due your son or his estate for the period between the 1st and the 10th.*

Withdrawals And Changes

If provided in the payment option election, all or part of the unpaid balance under Options A or D may be withdrawn or applied under any other option.

If the cash surrender value is applied under Option A or D, we may delay payment of any withdrawal for up to six months. Interest at the rate in effect for Option D during this period will be paid on the amount withdrawn.

Income Protection

To the extent permitted by law, each option payment and any withdrawal shall be free from legal process and the claim of any creditor of the person entitled to them. No option payment and no amount held under an option can be taken or assigned in advance of its payment date, unless the Owner's written consent is given before the Insured dies. This consent must be received at our Home Office.

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Part 7. Notes On Our Computations

This Part covers some technical points about the certificate with rider.

Net Investment Factor

The Net Investment Factor for each division of the Separate Account is determined by dividing A by B and subtracting C where:

- A equals:
 - the net asset value per share of each Fund held by a Division for the current Valuation Period; plus
 - any dividend per share declared on behalf of such Fund that has an ex-dividend date within the current Valuation Period; less
 - the cumulative charge or credit for taxes reserved which is determined by us to have resulted from the operation or maintenance of the Division; and
- B equals:
 - the net asset value per share of the Fund held by the Division for the immediately preceding Valuation Period; and
- C equals:
 - the cumulative unpaid charge for the net investment factor asset charge shown on the Schedule Page of the certificate with rider.

Accumulation Unit Value

The value of an accumulation unit in each division was set at \$1.00000,000 on the first Valuation Date selected by us. The value on any Valuation Date thereafter is equal to the product of the Net Investment Factor for that division for the Valuation Period which includes that Date and the accumulation unit value on the preceding Valuation Date.

The Accumulation Unit Value may increase or decrease from Valuation Period to Valuation Period.

Adjustments Of Units And Values

We have the right to split or consolidate the number of accumulation units credited to the certificate with rider, with a corresponding increase or decrease in the unit values. We may exercise this right whenever we consider an adjustment of units to be desirable. However, strict equity will be preserved in making any adjustment. No adjustment will have any material effect on the benefits, provisions or investment return of the certificate with rider, or on the Owner, Insured, any Beneficiary, any assignee or other person, or on us.

Basis Of Computation

The Basis Of Computation is the mortality table and interest rate we use to determine:

- The maximum monthly mortality charges;
- The minimum annual interest earned on the fixed account value of the certificate with rider; and
- The minimum payments under Payment Options C, E, and F.

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The Basis Of Computation for the cash surrender values, for the maximum monthly mortality charges, and for the minimum interest earned on the fixed account value of the certificate with rider is shown on the Schedule Page of the certificate with rider. The mortality table specified on the Schedule Page of the certificate with rider applies to amounts in a standard underwriting classification. We reserve the right to make appropriate modifications to this table for any amount which is not in a standard underwriting classification.

In computing the minimum payments under Payment Options C, E, and F, we use mortality rates from the 1983 Table "a" with Projection G for 30 years and with rates set back five years. The interest used is at an annual rate of 3%.

Method Of Computing Values

When required by the state where this policy with rider was delivered, we filed a detailed statement of the method we use to compute the Policy Rider benefits and values. These benefits and values are not less than those required by the laws of that state.

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Accidental Death and Dismemberment Rider

This rider provides an accidental death or loss benefit on the life of the Insured. We discuss this rider, and the rules that apply to it, in the provisions that follow.

In this rider, the word "certificate" may also mean "certificate with rider."

Rider Benefit In The Event Of Death

The amount of the benefit for this rider is lesser of: the current Selected Face Amount for the certificate at the time the death or loss occurs or \$500,000.

The amount of the benefit for this rider will increase or decrease directly with any increases or decreases in the Selected Face Amount for the certificate but in no event will the amount of the benefit for this rider be greater than \$500,000.

In the event of death, the benefit to be paid is the full amount of the benefit for this rider.

To pay any benefit under this rider, we require that due proof of the accidental death be given to us at our Home Office. This proof must show that the Insured's death occurred:

- As a direct result of accidental bodily injury independently of all other causes; and
- Within 180 days after the injury was received; and
- While the certificate and this rider were in force.

Except for drowning or internal injuries shown by autopsy, the injury causing death must be shown by a visible wound on the exterior of the body. Unless prohibited by law, we have the right to examine a body at any time.

Rider Benefit For Loss Of Hand, Foot Or Sight

The benefit to be paid is that full amount or one-half of the amount of benefit for this rider, as shown in the schedule below.

To pay any benefit under this rider, we require that due proof of the loss be given to us at our Home Office. This proof must show that the permanent loss of a hand, foot or sight occurred under these conditions:

- The loss is a direct result of accidental bodily injury independently of all other causes; and
- The loss occurred within 180 days after the injury was received; and
- The loss occurred while the certificate and this rider were in force; and

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- An accidental death benefit is not payable by this coverage for the same accident.

Under no circumstances will the benefit payable under this rider be more than 100% of the amount of benefit for this rider.

Schedule Of Losses And Benefits

Your full amount of coverage is payable for the permanent loss of:

- both hands; or
- both feet; or
- sight of both eyes; or
- one hand and sight of one eye; or
- one foot and sight of one eye; or
- one hand and one foot.

One-half of your full amount is payable for the permanent loss of:

- one hand or one foot; or
- sight of one eye.

Reference to loss of a hand means severance at or above the wrist.

Reference to loss of a foot means severance at or above the ankle.

Reference to loss of sight means total loss of sight which cannot be recovered.

A surgically reattached hand or foot will be deemed a "permanent loss" if, 12 months after reattachment, the limb has regained less than 50% of its normal function.

Exclusions

There are some exclusions to the coverage provided by this rider. No accidental death or loss will be payable if the Insured's death or loss results directly or indirectly from any of these causes.

Suicide — Suicide, while the Insured is sane or insane.

War — War, declared or undeclared, or any act of war.

Military Service — Service in the military forces of any country at war or in any civilian noncombatant unit serving with those forces. "War" includes undeclared war and any act of war. "Country" includes any international organization or group of countries.

Aviation — Travel in, or descent from or with, any kind of aircraft aboard which the Insured is a pilot or crew member or is giving or receiving any training. "Crew member" includes anyone who has any duty aboard the aircraft.

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Natural Causes — Bodily or mental illness, disease, or infirmity of any kind, or medical or surgical treatment for any of these.

Drug — The taking or injection of any drug, hypnotic, or narcotic, accidentally or otherwise.

Felony — Injury received while committing a felony.

Contestability

We can bring legal action to contest the validity of this rider for any material misrepresentation of a fact made in the application for this rider. However, we cannot, in the absence of fraud, contest the validity of this rider after it has been in force during the lifetime of the Insured for two years from its Issue Date. The Issue Date of this rider is shown on the Schedule Page. We can bring legal action to contest the validity of an increase for any material misrepresentation of a fact made in the application for the increase. However, we cannot, in the absence of fraud, contest the validity of the increase after it has been in effect during the lifetime of the Insured for two years after the effective date of the increase.

Rider Part Of The Certificate

This rider is made a part of the certificate as of the Issue Date of this rider in return for the application for this rider and the payment of the charges for this rider. The Schedule Page shows the charges from the Certificate Date to the first Certificate Anniversary Date. Charges after that are shown in the Table Of Monthly Charges for this rider. That Table is attached to this rider. All the provisions of the certificate apply to this rider, except for those that are inconsistent with this rider.

Termination Of This Rider

This rider ends automatically:

- On the Certificate Anniversary Date after the Insured's 65th birthday; or
- Upon the termination of the certificate for any reason.

Cancellation Of This Rider

This rider may be cancelled by the Owner's written request. Cancellation will take effect on the Monthly Calculation Date that is on, or next follows, the date we receive the written request at our Home Office.

MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY



President

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Secretary

Waiver Of Monthly Charges Rider

This rider provides that monthly charges will be waived if the Insured becomes totally disabled. We discuss this benefit, and the rules that apply to it, in the provisions that follow.

In this rider, the word "certificate" may also mean "certificate with rider."

Waiver Benefit

This rider provides a waiver of monthly charges benefit for total disability. After the Insured has been totally disabled for six months and all the conditions of this rider are met, we will waive monthly charges for the certificate, including all riders attached to it, on Monthly Calculation Dates. The Monthly Calculation Dates for which monthly charges will be waived are:

- Any Monthly Calculation Date after the Insured has been totally disabled for six months during the continuance of total disability; and
- Any Monthly Calculation Date during the first six months of total disability.

For any of these Monthly Calculation Dates that has already passed at the time a claim is approved, the monthly charges will be considered to have been waived on that Monthly Calculation Date.

The allowance of benefits under this rider guarantees that the certificate will continue in force while the Insured is totally disabled. Also, the allowance of those benefits will not reduce the amount payable in any settlement of the certificate.

Exclusions

This rider does not provide any benefit for:

- Total disability directly caused by any willfully and intentionally self-inflicted injury; or
- Total disability caused by war while the Insured is in the military forces of any country at war or in any civilian noncombatant unit service with those forces. "War" includes undeclared war and any act of war. "Country" includes any international organization or group of countries.

Limitation On Right To Increase Selected Face Amount

This rider waived the monthly charges for the certificate, including the charges for any increase in the Selected Face Amount. Therefore, any increase in Selected Face Amount causes an increase in waiver benefits. In certain cases, however, waiver benefits under the certificate cannot be increased. In those cases, we have the right to refuse an increase in the Selected Face Amount. Those cases are:

- The waiver benefits after the increase would exceed our published limits for such benefits.

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- The Insured does not meet our underwriting requirements for the additional waiver benefits.
- A higher rating would apply to the additional waiver benefits rather than to the existing waiver benefits.

Total Disability

Total disability is an incapacity of the Insured that:

- Is caused by sickness or injury; and
- Begins while this rider and the certificate are in force; and
- Begins before the Certificate Anniversary Date after the Insured's 65th birthday; and
- For the first 24 months of any period of total disability, prevents the Insured from performing substantially all the duties of the Insured's occupation; and
- After total disability has continued for 24 months, prevents the Insured from engaging in any occupation the Insured is qualified to perform.

For the first 24 months of any period of total disability, the Insured's occupation is the Insured's usual work, employment, business, or profession at the time total disability began. After total disability has continued for 24 months, any occupation the Insured is qualified to perform means any work, employment, business, or profession that the Insured is reasonably qualified to do based on education, training, or experience. Until the Insured reaches an age at which formal education may be legally ended, occupation means attendance at school.

Example: *You are a full-time surgeon. You receive an injury to your hands that prevents you from performing surgery, but you can carry on a general medical practice. For the first 24 months, your occupation is surgeon. After that time, your occupation will be any that you are reasonably qualified to do based on your education, training, or experience. Since you can carry on a general medical practice, we would no longer consider you to be totally disabled.*

For some conditions, we consider the Insured to be totally disabled even if the Insured is able to work. These conditions are the total loss of sight of both eyes, or the total loss of use of both hands, or both feet, or one hand and one foot. Any of these will be total disability as long as the loss continues.

Recurrent Disabilities

A period of total disability due to the same condition or related condition as that of an earlier period of total disability may be considered to be a continuation of the earlier period. This depends on how much time has passed from the end of the earlier period to the date the current total disability began. If less than 30 days have passed, we will consider it to be a continuation of the earlier period. If 30 days or more have passed, we will consider it to be a new period of total disability.

Example: *You were totally disabled for 10 months because of a severe knee injury. Two weeks after you recover, your knee fails and you are*

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totally disabled again. We consider this to be a continuation of the earlier period of total disability.

Notice Of Claim

Notice of claim means notice to us at our Home Office that the Insured is totally disabled and that a claim may be made under this rider. We require that this notice be in writing and that it identify the Insured. Notice given by or for the Owner shall be notice of claim.

There are two time limits for giving notice of claim. First, no benefit will be allowed unless this notice is given to us while the Insured is living and during the continuance of total disability. Second, no benefit will be provided for any Monthly Calculation Date more than one year before we were given the notice. However, there is one exception to each of these time limits. That is, if it was not reasonably possible to give us notice of claim within the limit, the delay will not reduce the benefit if notice is given as soon as it is reasonably possible to do so.

Proof Of Claim

Before any benefit is allowed, proof of claim must be given to us at our Home Office. Proof may be given by or for the Owner. Proof of claim means satisfactory written proof that:

- The Insured is totally disabled; and
- Total disability began while this rider and the certificate were in force; and
- Total disability began before the Certificate Anniversary Date after the Insured's 65th birthday; and
- Total disability has continued for six months.

We have forms that are to be used to make a claim. They will be sent promptly upon request. As part of the proof of claim, we have the right to require that the Insured be examined by a physician chosen by us.

Proof of claim must be given to us within certain time limits. These are discussed in the provision that follows.

When Proof Of Claim Can Be Made

Proof of claim must be received at our Home Office while the Insured is living and during the continuance of total disability. Also, it must be received within one year after the earlier of:

- The Certificate Anniversary Date after the Insured's 65th birthday; and
- Termination of the certificate.

However, if it was not reasonably possible to give us proof of claim on time, the delay will not reduce the benefit if proof is given as soon as it is reasonably possible to do so.

Proof Of Continued Disability

During the first two years after proof of claim is received, we may require satisfactory proof of continued disability at reasonable intervals. After two years, we may require proof not more than once a year. As part of

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this proof, we have the right to require an examination of the Insured at our expense by a physician chosen by us.

The proof will not be required after the Anniversary Date after the Insured's 65th birthday, if total disability began before the Certificate Anniversary Date after the Insured's 60th birthday.

When Benefits End

The benefits will end when any of the following occurs:

- The Insured is no longer totally disabled; or
- Satisfactory proof of continued total disability is not given to us as required; or
- The Insured refuses or fails to have an examination we require; or
- The day before the Certificate Anniversary Date after the Insured's 65th birthday or, if later, the date two years from the day that total disability began.

Contestability

We can bring legal action to contest the validity of this rider for any material misrepresentation of a fact made in the application for this rider. However, we cannot, in the absence of fraud, contest the validity of this rider after it has been in force during the lifetime of the Insured for two years after its Issue Date. The Issue Date of this rider is shown on the Schedule Page.

Rider Part Of The Certificate

This rider is made a part of the certificate as of the Issue Date of this rider in return for the application for this rider and the payment of the charges for this rider. The Schedule Page shows the charges from the Issue Date of this rider to the next Certificate Anniversary Date. Charges after that are shown in the Table of Monthly Charges for this rider. That Table is included with this rider. All the provisions of the certificate apply to this rider, except for those that are inconsistent with this rider.

Termination Of This Rider

This rider ends automatically when either of the following occurs:

- Termination of the certificate for any reason; or
- The Certificate Anniversary Date after the Insured's 65th birthday if the Insured is not totally disabled on that Date; or
- If the Insured is totally disabled as of the Certificate Anniversary Date after the Insured's 65th birthday, the date two years from the day that total disability began.

Cancellation Of This Rider

This rider may be cancelled by the Owner's written request. Cancellation will take effect on the Monthly Calculation Date that is on, or next follows, the date we receive the written request at our Home Office.

MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY



President

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Secretary

**Accelerated Benefits Rider
For Terminal Illness**

This rider provides that an accelerated death benefit payment may be made under the certificate. We discuss this rider, and the rules that apply to it, in the provisions that follow.

In this rider, the word "certificate" may also mean "certificate with rider."

Benefits payable under this rider may be taxable. The Owner should seek tax advice prior to requesting an accelerated death benefit payment.

An accelerated death benefit payment will not be allowed if the Owner is required to request the payment by any third party (including any creditor, governmental agency, trustee in bankruptcy, or any other person) or as the result of a court order.

This rider does not provide for long-term care insurance or for nursing-home care insurance.

Rider Benefit

Subject to the terms of this rider, an accelerated death benefit will be paid to the Owner upon request once we receive proof that the Insured has a terminal illness.

Accelerated Benefit Payment

In this section we discuss payment of the accelerated death benefit and the amounts used in determining the amount of the payment.

Eligible Amount

The Eligible Amount is the amount of death benefit under the certificate that can be considered for acceleration. It will be determined as of the Acceleration Date. This Amount is equal to the excess of:

- The death benefit payable upon the death of the Insured under the base certificate; over
- The certificate account value.

The Eligible Amount does not include:

- The amount payable upon the death of the Insured under any life insurance rider that does not provide level or increasing coverage for at least two years after the Acceleration Date; and
- The amount of any insurance provided under the certificate on the life of someone other than the Insured; and
- The amount of benefit under any accidental death or accidental death and dismemberment benefit rider.

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Amount To Be Accelerated

Subject to the terms of this rider, the Owner may accelerate any portion of the Eligible Amount up to the maximum limit. The maximum amount to be accelerated is equal to the lesser of:

- 75% of the Eligible Amount; and
- \$250,000 minus the total amount accelerated under all other policies issued on the life of the Insured by us and any of our affiliates.

We reserve the right to impose a minimum limit on the amount to be accelerated; if we do so, this limit will not exceed \$25,000.

Amount of Payment

The amount of payment under this rider will be computed based on the amount to be accelerated less:

- Interest at the annual interest rate we have declared for certificates in this class; and
- A fee of not more than \$250.

If required, a detailed statement of the method we use to compute the amount of the accelerated benefit payment has been filed with the insurance department of the state where the rider was delivered.

How We Pay

Payment of the accelerated benefit will be made to the Owner in a lump sum. However, we will not make the payment if we first receive due proof of the Insured's death; in this case, we will instead pay the death benefit as if no request had been received under this rider.

Effect On Certificate

After the accelerated benefit payment is made, the certificate will remain in force. Premiums and charges will continue in accordance with the certificate provisions.

A lien will be established against the certificate. The amount of the lien will be equal to the amount to be accelerated under this rider. Interest will not be charged on the lien. The Owner may not voluntarily repay all or any portion of the lien. However, the amount of the lien will be deducted from the amount of payment under the certificate upon the death of the Insured.

Other Definitions and Requirements

Acceleration Date

The Acceleration Date is the first date on which all the requirements for acceleration, except any examination of the Insured by a physician of our choice that we may require, have been met. Our right to require this examination is discussed in the **Proof Of Terminal Illness** provision below.

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Requirements For Acceleration

Before the accelerated benefit can be paid, all of the following requirements must be met:

1. We must receive at our Home Office:
 - a. The Owner's written request for payment of an accelerated death benefit under the certificate;
 - b. The Insured's written authorization to release medical records to us; and
 - c. The written consent to this request of any assignee and any irrevocable beneficiary under the certificate.
2. We must receive proof, satisfactory to us, that the Insured has a terminal illness.

Terminal Illness

As used in this rider, "terminal illness" is a medical condition that:

- Is first diagnosed by a legally qualified physician after the Issue Date of the certificate; and
- With reasonable medical certainty, will result in the death of the Insured within 12 months from the date diagnosed; and
- Is not curable by any means available to the medical profession.

Proof Of Terminal Illness

Proof of terminal illness is written certification, satisfactory to us, that a legally qualified physician has diagnosed the Insured as having a terminal illness. To establish this proof, we reserve the right to require that the diagnosis be confirmed with examination of the Insured, at our expense, by a physician of our choice. This examination may include x-rays, blood tests, and other procedures that are reasonable and necessary to determine whether the Insured has a terminal illness. To be acceptable to us, this examination must be completed within 90 days after the date we notify the Owner of this requirement.

Legally Qualified Physician

As used in this rider, a "legally qualified physician" is a person who is licensed by the state in which he or she practices to give advice or treatment for the terminal illness and who is acting within the scope of that license. A legally qualified physician must be someone other than the Owner or the Insured, or a spouse, mother-in-law, father-in-law, stepparent, or natural or adoptive brother, sister, parent, grandparent, or child of the Owner or the Insured.

General Provisions

Rider Part Of The Certificate

This rider is made a part of the certificate numbered above as of the Issue Date of this rider. If the Issue Date of this rider is not shown above, it is the same as the Issue Date of the certificate. All the provisions of the certificate apply to this rider, except for those that are not consistent with this rider.

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Termination Of This Rider

This rider will end automatically on the date:

1. An accelerated benefit payment is made; or
2. The certificate terminates for any reason; or
3. The certificate is changed to a different certificate on which this rider is not available; or
4. Two years before coverage under the certificate is scheduled to mature or terminate.

Cancellation Of This Rider

This rider may be cancelled by the Owner's written request.

MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY



President

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Secretary

ENDORSEMENT

Modification of Policy Provisions

This policy was changed before it was signed by us. This change adds a provision to **Part 1.** of the policy and restates the following provisions to read as follows.

For purposes of this endorsement, the word "certificate" may also mean "certificate with rider."

1.) The following section is added to **Part 1.** of this policy:

Definitions — Prior Certificate, Prior Certificate Amount, Current Certificate, Current Certificate Amount

The **Prior Certificate** is the certificate of life insurance that was in effect for the Insured, was provided by us or one of our affiliates, and was sponsored by the Employer on the day immediately preceding the Certificate Date for the Current Certificate.

The **Prior Certificate Amount** is the amount of death benefit that would have been payable under the Prior Certificate if the Insured had died on the date immediately preceding the Certificate Date for the Current Certificate.

The **Current Certificate** is the certificate of life insurance that is provided by Massachusetts Mutual Life Insurance Company as the result of exchanging the Prior Certificate, whose terms are set forth in the certificate to which this endorsement is attached.

The **Current Certificate Amount** is the initial Selected Face Amount indicated on the Insured's Schedule Page on the Certificate Date for the Current Certificate, exclusive of any subsequent increases and reduced by any subsequent amounts of indebtedness, withdrawals, and/or decreases.

2.) The "Representations And Contestability" provision in **Part 1.** of this policy is restated to read as follows:

Representations And Contestability

We rely on all statements made by or for the Insured in the application(s) for any certificate issued under this policy. Those statements are considered to be representations and not warranties. We reserve the right to bring legal action to contest the validity of the insurance described in a certificate, or any increase in the Selected Face Amount applied for after the Issue Date, for any material misrepresentation of a fact. To do so, however, the misrepresentation must have been made in the application, or in a supplemental application to increase the Selected Face Amount, and a copy of the application must have been attached to the certificate when issued, or made a part of the certificate when the increase in the Selected Face Amount became effective.

Except for any increase in the Selected Face Amount applied for after the Issue Date, we can not contest the validity of the insurance described in a certificate after it has been in force during the lifetime of the Insured for a

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period of two years from its Issue Date. We can not contest the validity of any increase in the Selected Face Amount applied for after the Issue Date once it has been in effect during the lifetime of the Insured for a period of two years.

Any amount of insurance that satisfied the contestability period under the Prior Certificate shall satisfy the Current Certificate's contestability period.

3.) The "Making Withdrawals" and "Right To Make Loans" provisions in **Part 4.** of this policy are restated to remove the "after six months from the Certificate Date" language.

4.) The "Suicide Exclusion" provision in **Part 5.** of this policy is restated to read as follows:

Suicide Exclusion

Except for any increases in the Selected Face Amount applied for after the Issue Date of the certificate, we will pay a limited death benefit if the Insured commits suicide, while sane or insane, within two years from the Issue Date and while the certificate is in force. The limited death benefit will be the lesser of the Prior Certificate Amount and the Current Certificate Amount.

For any increases in the Selected Face Amount applied for after the Issue Date of the certificate, we will pay a limited death benefit if the Insured commits suicide, while sane or insane, within two years from the effective date of the increase and while it is in force. The limited death benefit will be the monthly deductions made for that increase. However, if the limited death benefit as described in the preceding paragraph is payable, there will be no death benefit for the increase.

Any limited death benefit will be paid in one sum to the Beneficiary.

MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY



Secretary

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APPLICATION for Group Flexible Premium Adjustable Life Insurance Policy is hereby made to the undersigned.

Said insurance policy, which will be issued by Massachusetts Mutual Life Insurance Company and bear Policy Number 002, has been read and approved, and the terms and conditions therefore are hereby accepted.

This application is executed in duplicate, the original returned to Massachusetts Mutual Life Insurance Company and the copy attached to said insurance policy.

It is requested that this policy be issued with an effective date of January 1, 1998.

Signed at Providence, Rhode Island this 30th day of January, 1998.

Citizens Bank of Rhode Island as Trustee of the Strategic Group Universal Life Trust.

By: /s/ Ann M. Nagle

Title: Assistant Vice President

Application

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ACCEPTANCE OF THE GROUP POLICY

Based on an application, Massachusetts Mutual Life Insurance Company has issued to the Applicant Group Policy No. 002.

The Applicant has read, has approved, and does hereby accept that group insurance policy.

This Acceptance is signed in duplicate. One copy is returned to Massachusetts Mutual Life Insurance Company. The other is attached to and made a part of the group policy.

Signed at Providence, Rhode Island

Applicant: Citizens Bank of Rhode Island as Trustee of the Strategic Group Universal Life Trust

Date: January 30, 1998

By /s/ Ann M. Nagle
(Signature or authorized officer)

Ann M. Nagle Assistant Vice President
(Print name & title)

Countersigned (when required by law or regulation)

Date: _____

Licensed Resident Agent

Acceptance

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A portion of each officer's annual cash compensation is provided through the Annual Performance Bonus program. As part of the cash compensation determination, each band within the officers' cohort structure is assigned a standard number of points per officer. The number of points remains constant from year to year, but the dollar value of each point is evaluated annually and may be changed.

Prior to the start of each fiscal year, the Chief Strategy and Talent Officer and the Chief Financial Officer establish an appropriate level of cash compensation within each band by reviewing historical compensation levels and adjusting those levels to reflect factors such as projected profitability for the coming fiscal year compared to the current fiscal year. The result is the recommendation of a per point value that is multiplied by the number of points assigned to each executive to determine total cash compensation. The Compensation Committee reviews the recommendation, as well as relevant market information, and approves a monetary value for each point and, therefore, the base salary and total cash compensation for each officer.

A portion of this cash compensation is paid to each officer on a monthly basis; the remainder is reserved to create a bonus pool for the Annual Incentive Bonus program. This bonus pool is established by multiplying the bonus portion of the point value assigned to each cohort level by the aggregate number of points (reduced for fringe and other charges).

Annual Incentive Bonuses are paid as a result of the firm's meeting the target "Bonus EBITDA," which is defined as consolidated earnings before interest, taxes, depreciation, amortization, stock-option based and other equity-based compensation expenses, management, transaction and similar fees paid to the principal stockholders or their affiliates, as reflected on our audited consolidated financial statements for such fiscal year, and adjusting for certain extraordinary and non-recurring items as determined by the bonus plan administrator.

When the firm's year end operating results become available, the Compensation Committee reviews the Bonus EBITDA and, in its sole discretion, approves any adjustments to the plan bonus pool. Any adjustments are based on performance against target Bonus EBITDA. At its sole discretion, the Compensation Committee may increase or decrease the amount of the bonus pool to take into consideration the impact of any extraordinary and non-recurring items or other factors. Following any adjustment for extraordinary and nonrecurring items and other factors, the bonus pool is further reduced to account for the additional fringe benefit costs incurred as a result of the additional bonus payment to Officers. The final bonus pool as approved by our Compensation Committee is distributed on a per point basis, consistent with the cohort band structure.

**FORM OF
BOOZ ALLEN HAMILTON HOLDING CORPORATION
DIRECTOR AND OFFICER INDEMNIFICATION AGREEMENT**

This INDEMNIFICATION AGREEMENT (this "Agreement") is made as of this ____ day of _____, 20____, by and between Booz Allen Hamilton Holding Corporation, a Delaware corporation (the "Company"), and _____ ("Indemnitee").

RECITALS:

The Company and Indemnitee recognize the substantial increase in corporate litigation in general, subjecting corporate directors to expensive litigation risks at the same time as the availability and coverage of liability insurance has been severely limited. The Company desires to attract and retain the services of highly qualified individuals, such as Indemnitee, to serve as directors and officers of the Company and to indemnify its directors and officers so as to provide them with the maximum protection permitted by law.

The Company and Indemnitee, intending to be legally bound, hereby agree as follows:

1. INDEMNIFICATION.

(a) Third Party Proceedings. The Company shall indemnify Indemnitee if Indemnitee was or is a party to or witness in or is threatened to be made a party to or witness in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Company) by reason of the fact that Indemnitee is or was a director, officer, employee or agent of the Company, or any subsidiary of the Company, or by reason of the fact that Indemnitee is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), losses, liabilities, judgments, fines, penalties and amounts paid in settlement (including all interest, assessments and other charges in connection therewith, and if such settlement is approved in advance by the Company, which approval shall not be unreasonably withheld) actually incurred by Indemnitee in connection with such action, suit or proceeding if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company and, with respect to any criminal action or proceeding, had no reasonable cause to believe Indemnitee's conduct was unlawful. The termination of any action or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that (i) Indemnitee did not act in good faith and in a manner which Indemnitee reasonably believed to be in or not opposed to the best interests of the Company, and (ii) with respect to any criminal action or proceeding, Indemnitee had reasonable cause to believe that Indemnitee's conduct was unlawful.

(b) Proceedings By or in the Right of the Company. The Company shall indemnify Indemnitee if Indemnitee was or is a party to or witness in or is threatened to be made a party to or witness in to any threatened, pending or completed action or suit by or in the right of the Company or any subsidiary of the Company to procure a judgment in its favor by reason of the fact that Indemnitee is or was a director, officer, employee or agent of the Company, or any subsidiary of the Company, or by reason of the fact that Indemnitee is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees) actually incurred by Indemnitee in connection with the defense or settlement of such action or suit if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company, except that no indemnification shall be made in respect of any claim, issue or matter as to which Indemnitee shall have been adjudged to be liable to the Company, or any subsidiary of the Company, unless and only to the extent that the Court of Chancery of the State of Delaware or the court in which such action or suit is or was pending shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnity for expenses and then only to the extent that the court shall deem proper.

(c) Successful Defense. To the extent Indemnitee has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 1(a) or (b) hereof, Indemnitee shall be indemnified against expenses (including attorney fees) actually incurred by Indemnitee in connection therewith.

2. EXPENSES; INDEMNIFICATION PROCEDURE.

(a) Advancement of Expenses. The Company shall advance all expenses incurred by Indemnitee in connection with the investigation, defense, settlement or appeal of any civil or criminal action or proceeding referenced in Section 1(a) or (b) hereof (but not amounts actually paid in settlement of any such action or proceeding). Indemnitee hereby undertakes to repay such amounts advanced only if, and to the extent that, it shall ultimately be determined that Indemnitee is not entitled to be indemnified by the Company as authorized hereby. The advances to be made hereunder shall be paid by the Company to Indemnitee within twenty (20) days following delivery of a written request therefor by Indemnitee to the Company, accompanied by such supporting documentation as may be reasonably requested by the Company.

(b) Notice/Cooperation by Indemnitee. Indemnitee shall, as a condition precedent to his right to be indemnified under this Agreement, give the Company notice in writing as soon as practicable of any claim made against Indemnitee for which indemnification will or could be sought under this Agreement, provided that any failure or delay in giving such notice shall not relieve the Company of its obligations under this Agreement unless and to the extent that (i) none of the Company and its subsidiaries are party to or aware of such Proceeding and (ii) the Company is materially prejudiced by such failure. In

addition, Indemnitee shall give the Company such information and cooperation as it may reasonably require and as shall be within Indemnitee's power.

(c) Procedure. Subject to Section 2(d) hereof, any indemnification provided for in Section 1 shall be made no later than forty-five (45) days after receipt of the written request of Indemnitee made following final disposition of the action or proceeding to which such indemnification relates. Subject to Section 2(d) hereof, if a claim by Indemnitee under this Agreement, under any statute, or under any provision of the Company's Certificate of Incorporation or Bylaws providing for indemnification, is not paid in full by the Company within forty-five (45) days after a written request for payment thereof has first been received by the Company, Indemnitee may, but need not, at any time thereafter bring an action against the Company to recover the unpaid amount of the claim and, subject to Section 14 hereof, Indemnitee shall also be entitled to be paid for the expenses (including reasonable attorneys' fees) of bringing such action.

(d) Determination of Right to Entitlement.

(i) In the event that Indemnitee incurs liability for any fines, judgments, liabilities, penalties or amounts paid in settlement, and indemnification is sought under this Agreement, the Company shall pay (or provide for payment if so required by the terms of any judgment or settlement) such amounts within forty-five (45) days of Indemnitee's written request therefor unless a determination is made within such forty-five (45) days that the claims giving rise to such request are excluded or indemnification is otherwise not due under this Agreement. Such determination, and any determination required by applicable law as to whether Indemnitee has met the standard of conduct required to qualify and entitle Indemnitee, partially or fully, to indemnification under Section 2 of this Agreement, shall be made as follows:

(A) If no change in control has occurred, (w) by a majority vote of the directors of the Company who are not parties to such action, suit or proceeding even though less than a quorum, with the advice of independent legal counsel, or (x) by a committee of such directors designated by majority vote of such directors, even though less than a quorum, with the advice of independent legal counsel, or (y) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion to the Company and Indemnitee.

(B) If a change in control has occurred, by independent legal counsel in a written opinion to the Company and Indemnitee.

The term "independent legal counsel" shall mean for this purpose an attorney or firm of attorneys experienced in matters of corporation law that is not now nor has within the previous three years been retained to represent Indemnitee, the Company or any other party to the proceeding giving rise to the claim for indemnification hereunder; provided that "independent legal counsel" shall not include any person who under applicable standards of professional conduct would have a conflict of interest in representing Indemnitee or the Company in an action to determine Indemnitee's rights under this Agreement. The term "change of control" shall mean for this purpose, and shall be

deemed to have occurred if, on or after the date of this Agreement, (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended), other than (A) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its subsidiaries acting in such capacity, or (B) an entity owned directly or indirectly by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company, is or becomes the "beneficial owner" (as defined in Rule 13d-3 under said Act), directly or indirectly, of securities of the Company representing more than thirty-five percent (35%) of the total voting power represented by the Company's then outstanding voting securities, (ii) during any period of two consecutive years, individuals who at the beginning of such period constitute the board of directors of the Company and any new director whose election by the board of directors of the Company or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof, (iii) the stockholders of the Company approve a merger or consolidation of the Company with any other corporation other than a merger or consolidation that would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least sixty-five percent (65%) of the total voting power represented by the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation, (iv) the stockholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of (in one transaction or a series of related transactions) all or substantially all of its assets, or (v) the Company shall file or have filed against it, and such filing shall not be dismissed, any bankruptcy, insolvency or dissolution proceedings, or a trustee, administrator or creditors committee shall be appointed to manage or supervise the affairs of the Company.

(ii) The Company shall be bound by and shall have no right to challenge a determination made as provided above in favor of Indemnitee. Indemnitee may within forty-five (45) days after a determination adverse to Indemnitee has been made as provided above, or if no determination has been made within forty-five (45) days of Indemnitee's written request for payment, petition the Court of Chancery of the State of Delaware or any other court of competent jurisdiction, or may seek an award in arbitration to be conducted by a single arbitrator pursuant to the rules of the American Arbitration Association, which award shall be deemed final, unappealable and binding, to determine whether Indemnitee is entitled to indemnification under this Agreement, and such court or arbitrator, as the case may be, shall thereupon have the exclusive authority to make such determination unless and until such court or arbitrator dismisses or otherwise terminates such action without having made a determination. The court or arbitrator, as the case may be, shall make an independent determination of entitlement in accordance with Section 2(e) below, irrespective of any prior determination made by the Board of Directors, independent legal counsel or stockholders. All fees and expenses of any arbitrator pursuant to this provision shall be paid by the Company.

(e) Presumptions; Burden and Standard of Proof. In connection with any determination, or any review of any determination, by any person, including a court:

(i) It shall be a presumption that a determination is not required to be made under Section 2(d) hereof.

(ii) It shall be a presumption that Indemnitee has met the applicable standard of conduct and that indemnification of Indemnitee is proper in the circumstances.

(iii) The burden of proof shall be on the Company to overcome the presumptions set forth in the preceding clauses (i) and (ii), and each such presumption shall only be overcome if the Company establishes that there is no reasonable basis to support it.

(iv) The termination of any proceeding by judgment, order, finding, settlement (whether with or without court approval) or conviction, or upon a plea of nolo contendere, or its equivalent, shall not create a presumption that indemnification is not proper or that Indemnitee did not meet the applicable standard of conduct or that a court has determined that indemnification is not permitted by this Agreement or otherwise.

(v) Neither the failure of any person or persons to have made a determination nor an adverse determination by any person or persons shall be a defense to Indemnitee's claim or create a presumption that Indemnitee did not meet the applicable standard of conduct, and any proceeding commenced by Indemnitee pursuant to Section 2(d) shall be *de novo* with respect to all determinations of fact and law.

(f) Selection of Counsel. In the event the Company shall be obligated under Section 2(a) hereof to pay the expenses of any proceeding against Indemnitee, the Company shall be entitled to assume the defense of such proceeding, with counsel approved by Indemnitee, which approval shall not be unreasonably withheld, upon the delivery to Indemnitee of written notice of its election so to do. After delivery of such notice, approval of such counsel by Indemnitee and the retention of such counsel by the Company, the Company will not be liable to Indemnitee under this Agreement for any fees of counsel subsequently incurred by Indemnitee with respect to the same proceeding, provided that (i) Indemnitee shall have the right to employ his own counsel in any such proceeding at Indemnitee's expense; and (ii) if (A) the employment of counsel by Indemnitee has been previously authorized by the Company, (B) Indemnitee shall have reasonably concluded that there may be a conflict of interest between the Company and Indemnitee in the conduct of any such defense or (C) the Company shall not, in fact, have employed counsel to assume the defense of such proceeding, then the fees and expenses of Indemnitee's counsel shall be at the expense of the Company.

(g) Settlement. The Company will not, without the prior written consent of Indemnitee, which may be provided or withheld in Indemnitee's sole discretion, effect any settlement of any Proceeding against Indemnitee or which could have been brought against Indemnitee unless such settlement solely involves the payment of money by

persons other than Indemnitee and includes an unconditional release of Indemnitee from all liability on any matters that are the subject of such Proceeding and an acknowledgment that Indemnitee denies all wrongdoing in connection with such matters. The Company shall not be obligated to indemnify Indemnitee against amounts paid in settlement of a Proceeding against Indemnitee if such settlement is effected by Indemnitee without the Company's prior written consent, which shall not be unreasonably withheld.

3. ADDITIONAL INDEMNIFICATION RIGHTS; NONEXCLUSIVITY.

(a) Scope. Notwithstanding any other provision of this Agreement, the Company hereby agrees to indemnify the Indemnitee to the fullest extent permitted by the Delaware General Corporation Law (other than Section 145(f) thereof or any successor non-exclusivity provision), notwithstanding that such indemnification is not specifically authorized by the other provisions of this Agreement, the Company's Certificate of Incorporation, the Company's Bylaws or by statute. In the event of any change, after the date of this Agreement, in any applicable law, statute or rule which expands the right of a Delaware corporation to indemnify a member of its board of directors or an officer, such changes shall be, *ipso facto*, within the purview of Indemnitee's rights and the Company's obligations, under this Agreement. In the event of any change in any applicable law, statute or rule which narrows the right of a Delaware corporation to indemnify a member of its Board of Directors, such changes, to the extent not otherwise required by such law, statute or rule to be applied to this Agreement shall have no effect on this Agreement or the parties' rights and obligations hereunder.

(b) Nonexclusivity. The indemnification provided by this Agreement shall not be deemed exclusive of any rights to which Indemnitee may be entitled under the Company's Certificate of Incorporation, its Bylaws, any agreement, any vote of stockholders or disinterested directors, the Delaware General Corporation Law, any other applicable law or any liability insurance policy, both as to action in Indemnitee's official capacity and as to action in another capacity while holding such office, provided that to the extent that Indemnitee is entitled to be indemnified by the Company under this Agreement and by any shareholder of the Company or any affiliate of any such shareholder under any other agreement or instrument, the obligations of the Company hereunder shall be primary, and the obligations of such shareholder or affiliate secondary, and the Company shall not be entitled to contribution or indemnification from or subrogation against such shareholder or affiliate. The indemnification provided under this Agreement shall continue as to Indemnitee for any action taken or not taken while serving in an indemnified capacity even though he may have ceased to serve in such capacity at the time of any action or other covered proceeding.

4. PARTIAL INDEMNIFICATION. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of the expenses (including attorneys' fees), losses, liabilities, judgments, fines, penalties and amounts paid in settlement (including all interest, assessments and other charges in connection therewith, and if such settlement is approved in advance by the Company,

which approval shall not be unreasonably withheld) actually incurred by Indemnitee in connection with an action, suit or proceeding described in Section 1(a), but not, however, for the total amount thereof, the Company shall nevertheless indemnify Indemnitee for the portion of such expenses (including attorneys' fees), losses, liabilities, judgments, fines, penalties and amounts paid in settlement to which Indemnitee is entitled.

5. MUTUAL ACKNOWLEDGMENT. Both the Company and Indemnitee acknowledge that in certain instances, Federal law or applicable public policy may prohibit the Company from indemnifying its directors and officers under this Agreement or otherwise. Indemnitee understands and acknowledges that the Company may be required in the future to undertake with the Securities and Exchange Commission to submit the question of indemnification to a court in certain circumstances for a determination of the Company's right under public policy to indemnify Indemnitee.

6. SEVERABILITY. Nothing in this Agreement is intended to require or shall be construed as requiring the Company to do or fail to do any act in violation of applicable law. The Company's inability, pursuant to court order, to perform its obligations under this Agreement shall not constitute a breach of this Agreement. The provisions of this Agreement shall be severable as provided in this Section 6. If this Agreement or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Company shall nevertheless indemnify Indemnitee to the full extent permitted by any applicable portion of this Agreement that shall not have been invalidated, and the balance of this Agreement not so invalidated shall be enforceable in accordance with its terms.

7. EXCEPTIONS. Any other provision herein to the contrary notwithstanding, the Company shall not be obligated pursuant to the terms of this Agreement:

(a) **Excluded Acts.** To indemnify Indemnitee for any acts or omissions or transactions from which a director may not be relieved of liability under the Delaware General Corporation Law; or

(b) **Claims Initiated by Indemnitee.** To indemnify or advance expenses to Indemnitee with respect to proceedings or claims initiated or brought voluntarily by Indemnitee and not by way of defense, except with respect to proceedings brought to establish or enforce a right to indemnification as provided in Section 14 hereto, but such indemnification or advancement of expenses may be provided by the Company in specific cases if the Board of Directors has approved the initiation or bringing of such suit; or

(c) **Lack of Good Faith.** To indemnify Indemnitee for any expenses incurred by Indemnitee with respect to any proceeding instituted by Indemnitee to enforce or interpret this Agreement, to the extent that a court of competent jurisdiction determines that the material assertions made by Indemnitee in such proceeding were not made in good faith or were frivolous; or

(d) Insured Claims. To indemnify Indemnitee for expenses or liabilities of any type whatsoever (including, but not limited to, judgments, fines, Employee Retirement Income Security Act of 1974 excise taxes or penalties, and amounts paid in settlement) which have been paid directly to Indemnitee by an insurance carrier under a policy of directors' and officers' liability insurance maintained by the Company or its affiliates.

(e) Claims Under Section 16(b). To indemnify Indemnitee in any proceeding with respect to which final judgment is rendered against Indemnitee for a payment or the accounting of profits arising from the purchase and sale by Indemnitee of securities in violation of Section 16(b) of the Securities Exchange Act of 1934, as amended, or any similar successor statute.

8. EFFECTIVENESS OF AGREEMENT. To the extent that the indemnification permitted under the terms of certain provisions of this Agreement exceeds the scope of the indemnification provided for in the Delaware General Corporation Law, such provisions shall not be effective unless and until the Company's Certificate of Incorporation authorizes such additional rights of indemnification. In all other respects, the balance of this Agreement shall be effective as of the date set forth on the first page hereof and may apply to acts or omissions of Indemnitee which occurred prior to such date if Indemnitee was an officer, director, employee or other agent of the Company, or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, at the time such act or omission occurred.

9. AGREEMENT TO SERVE. Indemnitee agrees or has agreed to serve as a director of the Company or one or more of its subsidiaries and in such other capacities as Indemnitee may serve at the request of the Company from time to time, and by its execution of this Agreement the Company confirms its request that Indemnitee serve as a director and in such other capacities. Indemnitee shall be entitled to resign or otherwise terminate such service with immediate effect at any time, and neither such resignation or termination nor the length of such service shall affect Indemnitee's rights under this Agreement. This Agreement shall not constitute an employment agreement, supersede any employment agreement to which Indemnitee is a party or create any right of Indemnitee to continued employment or appointment.

10. DIRECTORS AND OFFICERS LIABILITY INSURANCE.

(a) Maintenance of Insurance. So long as the Company or any of its subsidiaries maintains liability insurance for any directors, officers, employees or agents of any such person, the Company shall ensure that Indemnitee is covered by such insurance in such a manner as to provide Indemnitee the same rights and benefits as are accorded to the most favorably insured of the Company's and its subsidiaries' then current directors and officers. If at any date (i) such insurance ceases to cover acts and omissions occurring during all or any part of the period of Indemnitee's service as director or (ii) neither the Company nor any of its subsidiaries maintains any such insurance, the Company shall ensure that Indemnitee is covered, with respect to acts and omissions prior to such date, for at least six years (or such shorter period as is available on commercially reasonable

terms) from such date, by other directors and officers liability insurance, in amounts and on terms (including the portion of the period of Indemnitee's service as director covered) no less favorable to Indemnitee than the amounts and terms of the liability insurance maintained by the Company on the date hereof.

(b) Notice to Insurers. Upon receipt of notice of a proceeding pursuant to Section 2(b), the Company shall give or cause to be given prompt notice of such proceeding to all insurers providing liability insurance in accordance with the procedures set forth in all applicable or potentially applicable policies. The Company shall thereafter take all necessary action to cause such insurers to pay all amounts payable in accordance with the terms of such policies.

11. CONSTRUCTION OF CERTAIN PHRASES.

(a) Company. For purposes of this Agreement, references to the "Company" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, employees or agents, so that if Indemnitee is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, Indemnitee shall stand in the same position under the provisions of this Agreement with respect to the resulting or surviving corporation as Indemnitee would have with respect to such constituent corporation if its separate existence had continued.

(b) Other Enterprise, etc. For purposes of this Agreement, references to "other enterprises" shall include employee benefit plans; references to "fines" shall include any excise taxes assessed on Indemnitee with respect to any employee benefit plan; and references to "serving at the request of the Company" shall include any service as a director, officer, employee or agent of the Company which imposes duties on, or involves services by, such director, officer, employee or agent with respect to an employee benefit plan, its participants or beneficiaries.

12. COUNTERPARTS. This Agreement may be executed in two or more counterparts, each of which shall constitute an original. Any facsimile copies hereof or signature hereon shall, for all purposes, be deemed originals.

13. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon the Company and its successors and assigns, including without limitation any acquiror of all or substantially all of the Company's assets or business, any person (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended) that acquires beneficial ownership of securities of the Company representing more than thirty-five percent (35%) of the total voting power represented by the Company's then outstanding voting securities and any survivor of any merger or consolidation to which the Company is party, and shall inure to the benefit of the Indemnitee and shall inure to the benefit of Indemnitee and Indemnitee's estate, spouses, heirs, executors, personal or

legal representatives, administrators and assigns. The Company shall require and cause any such successor, by written agreement in form and substance satisfactory to Indemnitee, expressly to assume and agree to perform this Agreement as if it were named as the Company herein, and the Company shall not permit any such purchase of assets or business, acquisition of securities or merger or consolidation to occur until such written agreement has been executed and delivered. No such assumption and agreement shall relieve the Company of any of its obligations hereunder, and this Agreement shall not otherwise be assignable by the Company.

14. ATTORNEYS' FEES. In the event that any action is instituted by Indemnitee or the Company or any of its subsidiaries to enforce or interpret any of the terms of this Agreement or any rights of Indemnitee to indemnification or advancement of expenses (or related obligations of Indemnitee) under the Company's or any such subsidiary's certificate of incorporation or bylaws, any other agreement to which Indemnitee and the Company or any of its subsidiaries are a party, any vote of stockholders or directors of the Company or any of its subsidiaries, the DGCL, any other applicable law or any liability insurance policy, Indemnitee shall be entitled to be paid all court costs and expenses, including reasonable attorneys' fees, incurred by Indemnitee with respect to such action, whether or not Indemnitee is successful in such action, except to the extent that, as a part of such action, the court of competent jurisdiction determines that the material assertions made by Indemnitee as a basis for such action were not made in good faith or were frivolous.

15. NOTICES. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed duly given (i) (b) if given by overnight courier or personal delivery, on the date of receipt or (ii) if sent by telecopier (with receipt confirmed), on the date of such receipt. Addresses for notice to either party are as shown on the signature page of this Agreement, or as subsequently modified by written notice and in the case of notices to the Company shall be marked for the attention of the General Counsel.

16. CONSENT TO JURISDICTION. The parties hereto agree that any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement shall be brought in the Court of Chancery of the State of Delaware (or, in the case of any claim as to which the federal courts have exclusive subject matter jurisdiction, the federal court of the United States of America sitting in the State of Delaware), and each of the parties hereby consents to the exclusive jurisdiction of those courts (and of the appropriate appellate courts therefrom) in any suit, action or proceeding and irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of the venue of any suit, action or proceeding in any of those courts or that any suit, action or proceeding which is brought in any of those courts has been brought in an inconvenient forum. Process in any suit, action or proceeding may be served on any party anywhere in the world, whether within or without the jurisdiction of any of the named courts.

17. CHOICE OF LAW. This Agreement shall be construed in accordance with and governed by the internal laws of the State of Delaware applicable to contracts executed and fully performed within the State of Delaware, without regard to the conflict of law principles thereof.

18. SUBROGATION. In the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of the Indemnitee, who shall execute such documents and do such acts as the Company may reasonably request to secure such rights and to enable the Company effectively to bring suit to enforce such rights, provided that the Company shall not be subrogated to any claim of Indemnitee for indemnification from any shareholder of the Company or any affiliate of any such shareholder.

19. AMENDMENT AND TERMINATION. No amendment, modification, termination or cancellation of this Agreement shall be effective unless it is in writing signed by all the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar), nor shall such waiver constitute a continuing waiver.

20. PERIOD OF LIMITATIONS. No legal action shall be brought and no cause of action shall be asserted by or in the right of the Company or any of its subsidiaries against Indemnitee or Indemnitee's estate, spouses, heirs, executors, personal or legal representatives, administrators or assigns after the expiration of two years from the date of accrual of such cause of action, and any claim or cause of action of the Company shall be extinguished and deemed released unless asserted by the timely filing of a legal action within such two-year period, provided that if any shorter period of limitations is otherwise applicable to any such cause of action, such shorter period shall govern.

21. NON-CIRCUMVENTION. The Company shall not seek or agree to any order of any court or other governmental authority that would prohibit or otherwise interfere, and shall not take or fail to take any other action if such action or failure would reasonably be expected to have the effect of prohibiting or otherwise interfering, with the performance of the Company's indemnification, advancement or other obligations under this Agreement.

21. INTEGRATION AND ENTIRE AGREEMENT. This Agreement sets forth the entire understanding between the parties hereto and supersedes and merges all previous written and oral negotiations, commitments, understandings and agreements relating to the subject matter hereof between the parties hereto, provided that the provisions hereof shall not supersede the provisions of the Company's certificate of incorporation, bylaws or other organizational agreement or instrument, any other agreement, any vote of stockholders or directors, the DGCL or other applicable law, to the extent any such provisions shall be more favorable to Indemnitee than the provisions hereof.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

Booz Allen Hamilton Holding Corporation

By: _____
Name:
Title:

AGREED TO AND ACCEPTED:
INDEMNITEE:

Name:
Address:

Consent of Independent Registered Public Accounting Firm

We consent to the reference to our firm under the caption "Experts" and to the use of our report dated June 18, 2010, in Amendment No. 3 to the Registration Statement (Form S-1 No. 333-167645) and related Prospectus of Booz Allen Hamilton Holding Corporation for the registration of shares of its Class A common stock.

/s/ Ernst and Young LLP

McLean, Virginia

September 29, 2010